



# ANNUAL REPORT

## & Financial Statements 2023

MANAGED BY



# **OctaneDC Bond Fund**

**(Pinnacle Balanced Fund)**

**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR  
ENDED DECEMBER 31, 2023**

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## **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Seven (7th) Annual General Meeting (AGM) of **OctaneDC Bond Fund PLC** will be held **VIRTUALLY** (via Zoom) on May 21, 2024, at 10:00 a.m. to transact the following business:

### **Agenda:**

1. To receive and consider the report of the Directors.
2. To receive and consider the report of the Auditors and the Audited Financial Statements for the year ended December 31, 2023.
3. To approve Directors' fees.
4. To authorize Directors to fix the remuneration of the Auditors.
5. To transact any other business to be dealt with at an annual general meeting.

**BY ORDER OF THE BOARD**



**ACCOUNTINGWEB CONSULT**

**BOARD SECRETARY ACCRA**

Dated this: April 23, 2024

### **Note:**

Members are to visit [CIDAN Investment Ltd. \(cidaninvestments.com\)](https://cidaninvestments.com) to register and receive their ZOOM log-in credentials as well as further information on Proxy Votes

### **Distribution**

All Members, All Directors and the External Auditors

# General Information

## BOARD OF DIRECTORS

Rev. Thomas Dzoletso Kwami - Chairperson  
Eunice-Sylvia Yamson – Member  
Stephen Nketia Kyere – Member

## FUND MANAGER

CIDAN Investments Ltd  
House Number 261  
Haatso, North Legon  
P. O. Box CT 7991, Accra.

## AUDITORS

EAK & Associates  
Behind Bestpoint Savings and Loans Limited  
Mile 7, Achimota  
P. O. Box AH 1246 Achimota

## CUSTODIAN

Cal Bank Ltd  
23 Independence Avenue  
Accra.

## OFFICE LOCATION

House No. 261,  
(off the Atomic-Kwabenya Road)  
Haatso-North Legon, Accra  
P. O. Box CT 7991, Cantonments, Accra.

## **CHAIRMAN'S REPORT**

Distinguished Shareholders,

On behalf of the Board of Directors of the Fund, I welcome you all to the 7<sup>th</sup> Annual General Meeting of OctaneDC Bond Fund (Pinnacle Balanced Fund) for the year ending 31<sup>st</sup> December 2023. The year was fraught with numerous challenges which impacted negatively on your Fund. Notable among them is the impact of the implementation of the Domestic Debt Exchange Program (DDEP). Before presenting the details of your Fund's performance, may I touch on the global and domestic economic and financial environment within which your Fund operated.

### **Global Economy**

Emerging from the constraints of the COVID-19 pandemic and Russia's invasion of Ukraine, the global economy continues to face significant risks, with major economies grappling with spillover effects from supply chain disruptions, thereby muting the global economic recovery efforts.

Even though the global economy recorded some positive gains earlier this year, and significant progress was made in reducing inflation from last year's peaks, economic activity still falls short of pre-pandemic levels, especially in emerging markets.

### **Domestic Economy**

Ghana's economy exhibited some relative stability in 2023 on the back of the completion of the Domestic Debt Exchange Program (DDEP) and subsequent disbursement of the tranches of the country's \$3 billion bailout program by the International Monetary Fund (IMF). Despite the relative stability, the economy was still characterized by high consumer inflation rates, high-interest costs, a depreciating currency, declining reserves, unsustainable debt levels and fiscal imbalances.

Headline inflation recorded mixed performance for the first part of the year to settle at 43.1% in July from a peak of 54.1% in December last year. Inflation subsequently took a downward trend from August to finally end the year at a 20-month low of 23.2%, well below the Bank of Ghana's end-of-the-year inflation target of 31.3%.

Despite a consistent uptrend from the second quarter of the year, following a sharp decline in the first quarter, interest rates on short-term treasury securities ended the year relatively lower than the rates recorded in 2022. The 91-Day, 182-Day and 364-Day Treasury bills ended the year with rates of 29.24%, 31.88% and 32.49% respectively, compared to 35.36%, 35.98%, and 35.89% recorded at the end of 2022. The Monetary Policy Committee (MPC) of the Bank of Ghana (BoG) maintained a tight monetary policy rate throughout the year in a bid to control

inflation. The MPC hiked its policy rate by 250bps from 27% at the beginning of the year to 30% at the end of the year.

### **Economic outlook for 2024**

Looking ahead to 2024, we expect economic growth to remain subdued, given the plans outlined in the 2024 Budget Statement of the Government and the expectations for the global economy. The Government has projected a conservative GDP growth rate of 2.8% for the year 2024. We expect the Government to conclude negotiations with the Official Creditor Committee (OCC) of its bilateral debt and Eurobond holders in the first half of the year to further aid the country's recovery process.

We also expect a slowdown in inflation in 2024, which could further boost the pace of economic recovery in 2024, provided that the Government will be disciplined in its spending despite the upcoming elections.

### **Fund Performance**

Distinguished Shareholders, your Fund posted a return of -15.54% for the year. The negative return on the Fund was solely due to the impact of the mark-to-market valuation as directed by the Securities and Exchange Commission. The net assets value of the Fund at the end of the year stood at GH¢2,771,507.00.

Even though the strategy of the Fund has been changed to a Balanced Fund, we have not been able to significantly dilute the holdings of the Fund to take advantage of the new strategy, mainly since the majority of the Fund's holdings have been locked up in the new DDEP securities and the new contributions were also not significant enough to influence returns.

On behalf of the Board, I wish to express our gratitude to you, once again, for investing in this Fund. I would also like to express my sincere gratitude to the Fund Manager and other service providers for their hard work and diligence in their quest to drive the Fund to higher heights. I wish you the very best for the rest of the year.

Thank you.



**Thomas D. Kwami**

**(Board Chair, OctaneDC Bond Fund PLC)**

## FUND MANAGER'S REPORT

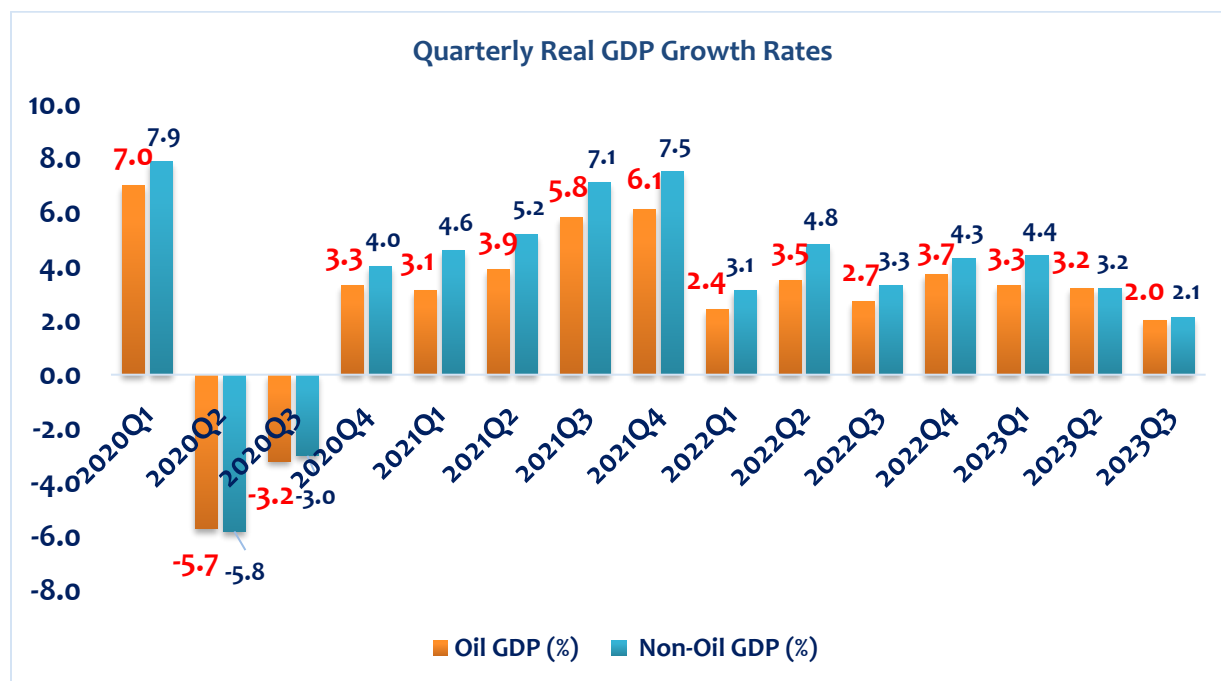
### Distinguished Shareholders,

I am pleased to present our report, as Fund Managers of the OctaneDC Bond Fund (Pinnacle Balanced Fund) for the year ended December 31, 2023. This report covers an overview of the macro-economic environment, the performance of your Fund and an outlook for your Fund in the coming year.

### The Domestic Economy

Ghana's economy showed signs of recovery in 2023, on the back of the completion of the Domestic Debt Exchange Program (DDEP) and the approval and subsequent disbursement of the tranches of the country's \$3 billion bailout program by the International Monetary Fund (IMF).

Overall economic activity witnessed an improvement for the year on the back of the implementation of the reforms incorporated in the IMF bailout program. Average Real GDP growth for 2023 stood at 2.9% against a full-year growth target of 1.5% and an average growth rate of 3.6% for 2022. The Bank of Ghana's real composite index of economic activity contracted at a slower pace by 0.4% y/y in September 2023, compared with a sharper contraction of 1.2% for the same period in 2022, indicating a gradual improvement in economic activity for the period.

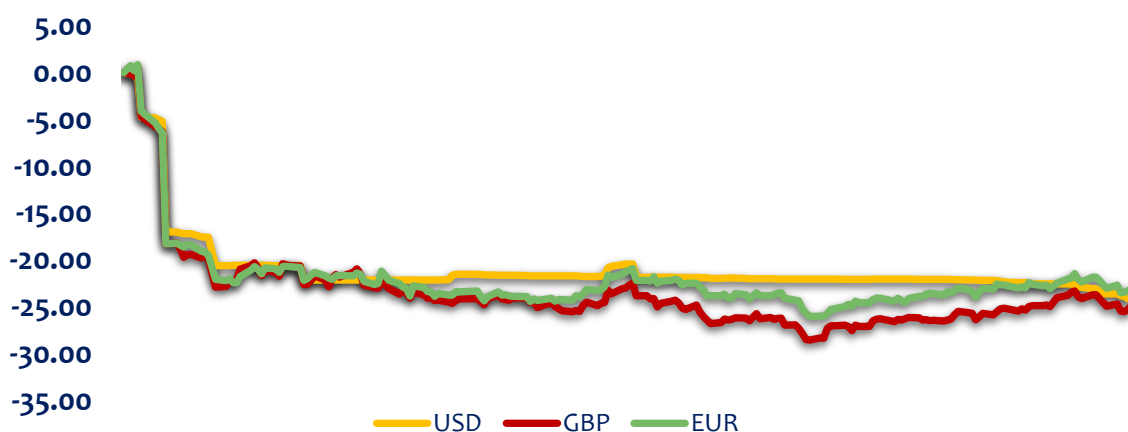


### Exchange Rates Development

The pressure on the Ghana Cedi continued in the year under review, resulting in depreciation of 27.81%, 31.86% and 30.33% against the USD, GBP and the Euro respectively. This compares with the depreciations of 29.97%, 21.19% and 25.34% against the USD, GBP, and Euro respectively in 2022.

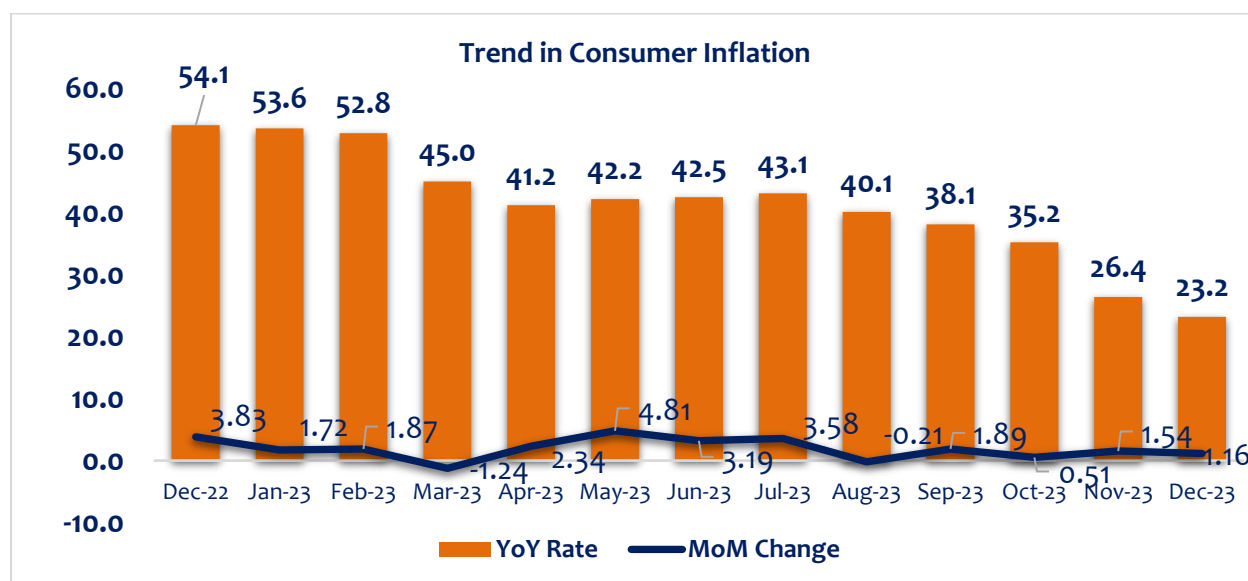


### YTD Performance of the Ghana Cedi against Selected Currencies



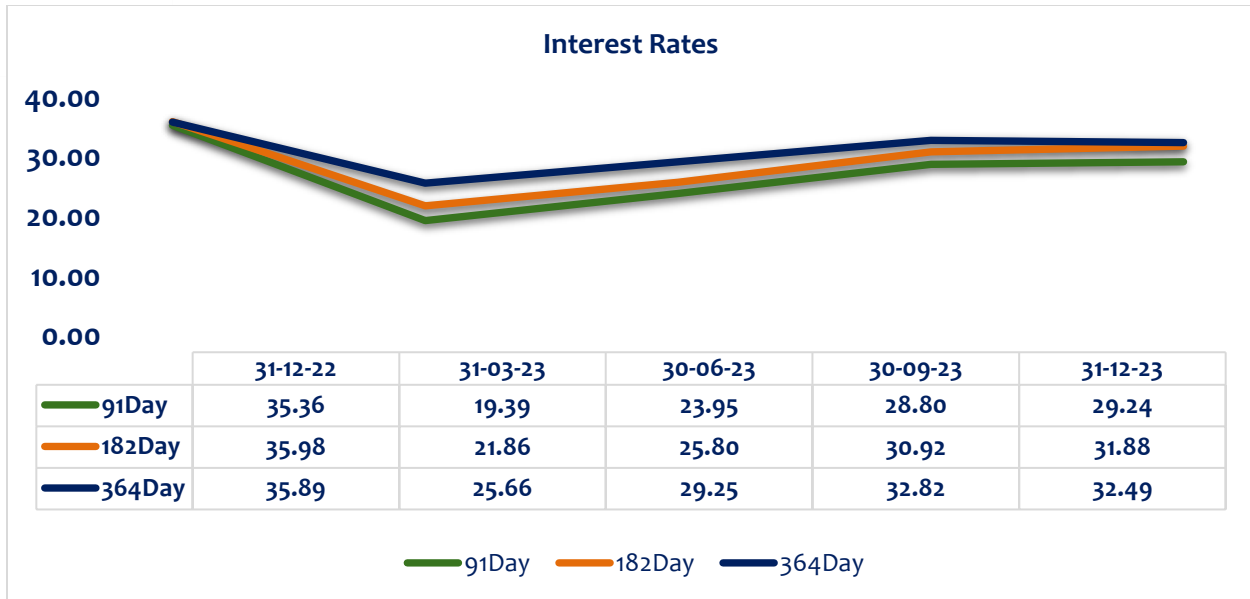
### Inflation Developments

Headline inflation dropped to a 20-month low of 23.2% in December, from 53.6% in January. The average inflation rate for 2023 stood at 40.28%, representing an 8.81% increase compared to the 2022 average rate of 31.36%.



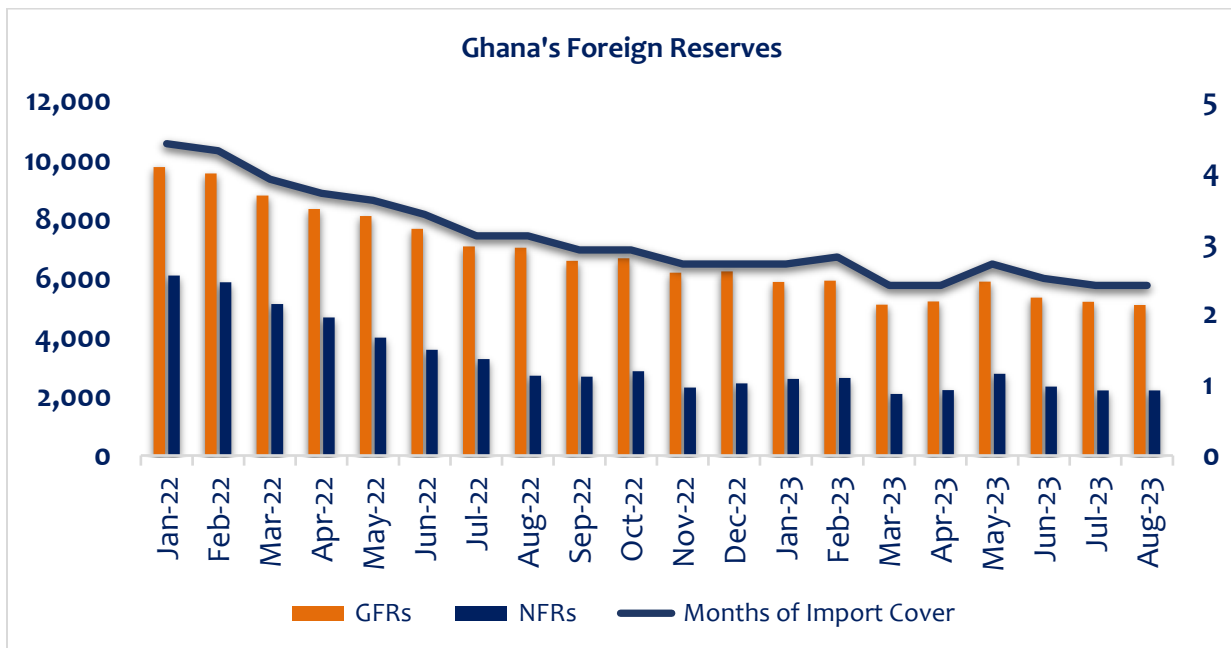
### Interest Rate Developments

Yields on short-term Government securities recorded sharp increases after recording step declines in the first quarter of the year. The 91-Day, 182-Day and 364-Day Treasury bills ended the year with rates of 29.24%, 31.88% and 32.49% respectively.



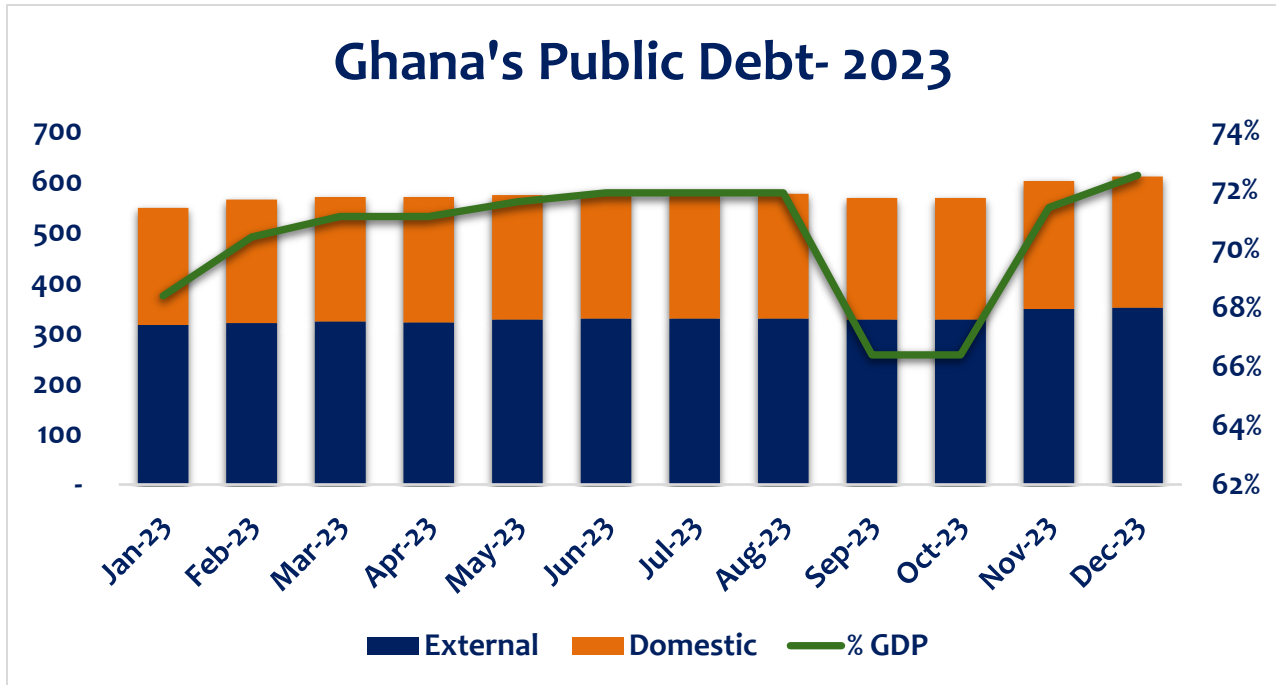
### Foreign Reserves

Gross International Reserves (excluding encumbered assets and petroleum funds) stood at US\$3.7 billion equivalent to 1.1 months of import cover as at December 2023, compared with US\$1.5 billion (0.6 months of import cover) recorded at the end of December 2022.



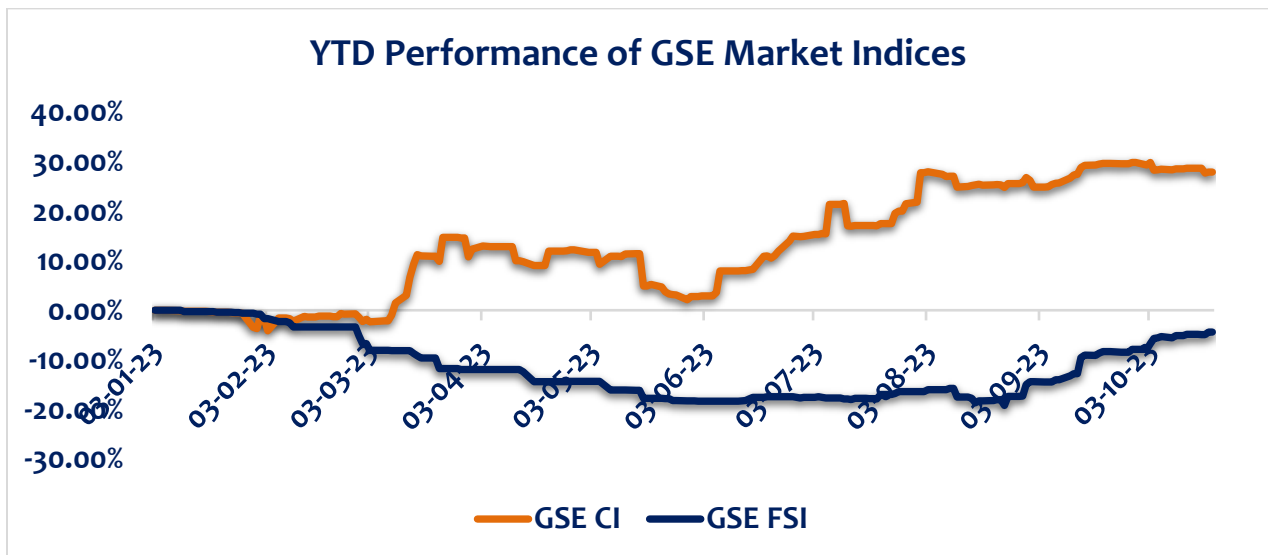
### Public Debt

Public debt increased by 28.91% from GH¢473.2 billion at the beginning of 2023 to GH¢610 billion (72.5% of GDP), as at December 2023.



#### Stock Market Performance

Ghana's stock market closed on a positive note for the year on the back of price gains in nine (9) counters. The Ghana Stock Exchange Composite Index (GSE-CI) posted a gain of 28.08% as at the end of the year, 2023 compared with a loss of 12.38% in 2022. The Ghana Stock Exchange Financial Stocks Index (GSE-FSI) however posted a loss of 7.36%, compared with a gain of 4.61% a year ago. Benso Oil Palm Plantation PLC topped the advancers chart with a return of 187.58% for the year. Total Energies Ghana PLC followed with a return of 125.00% while Unilever Ghana PLC came third with a return of 109.02%. SIC Insurance PLC, Enterprise Group and CAL Bank PLC were the worst-performing stocks posting returns of -22.58%, -25.31% and -26.15% respectively for the year.



## Industry Review

The securities industry continues to be faced with relatively huge redemption requests on the back of the present challenging economic conditions and difficulties in the industry.

The year marked a full year of implementation of the mark-to-market (MTM) valuation of securities which came into effect in late 2022. The implementation of the MTM valuation created challenges for Fund Managers and it significantly impacted the competitiveness of collective investment schemes in 2023. There was a significant drop in bond prices during the year which resulted in significant losses for funds that were heavily exposed to bonds. There was also the issue of high volatilities in intra-day prices of funds resulting from the end-of-day prices posted on the Ghana Fixed Income Market trading platform, which is the official source of prices for the MTM valuation. These two challenges negatively affected the marketing of CISs to existing and new investors and also contributed to the increased redemption requests from clients.

The Securities and Exchange Commission (SEC) has come out with a Risk Classification and Colour Coding (RCCC) Framework to enable the Commission to deploy appropriate risk-based supervisory methodologies for Fund Managers to avoid or eliminate potential risk exposures carried by Fund Managers.

## Economic Outlook for 2024

On the economic outlook for 2024, we expect further easing of headline inflation in 2024 due to the base effect coupled with an expected tight monetary policy. However, the implementation of some tax measures in the 2024 Budget Statement could curtail the downward trajectory in headline inflation.

We also expect the Government to finalize negotiations with external creditors on the restructuring of Ghana's debt in 2024 to ensure a successful program with the International Monetary Fund and to aid the country's recovery process. We however expect election-related spending to dominate the year, which could derail the country's effort at fiscal consolidation and subsequent recovery.

## Fund Performance

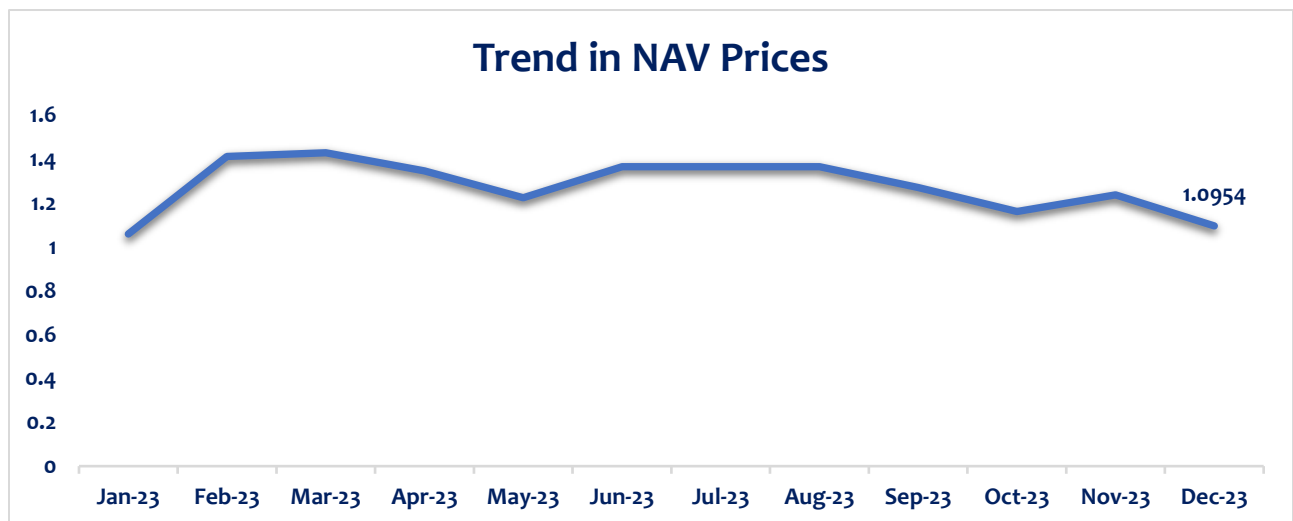
Distinguished Shareholders, your Fund posted a return of -15.54% in 2023 which compares with a return of 9.06% recorded in 2022. The significant drop in returns for the year was attributable to the change from the use of the held-to-maturity (HTM) method of valuation to the mark-to-market (MTM) valuation method as directed by the SEC. If the Fund had continued with the HTM valuation methodology, it would have yielded a return of 15.8% in 2023 which compared favourably with the 9.06% in 2022.

The Net Assets Value (NAV) of the Fund recorded a year-on-year decline of 15.54%, from GH¢3,546,412.00 in 2022 to GH¢2,771,507.00 in 2023. The number of Shareholders in the Fund

remained unchanged at 499 shareholders. New contributions totalled GH¢114,736.00 for the year, whilst withdrawals totalled GH¢446,760.94.

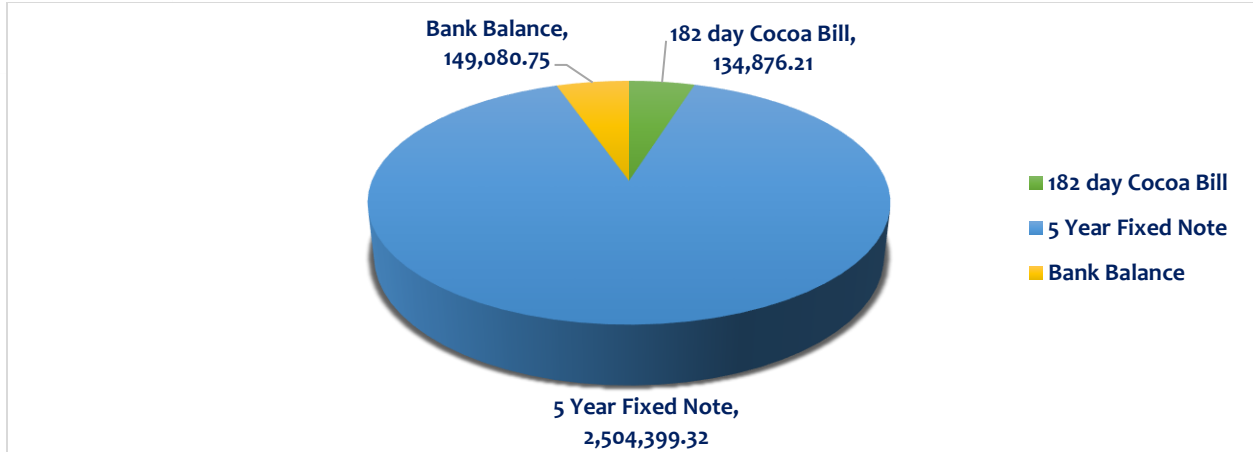
Clients:	Dec, 2023	Dec, 2022	Chg. (%)
Institutional	20	17	18%
Retail	153	163	-6%
<b>Net contributions</b>	-332,024.94	-102,171	

	Dec, 2023 (MTM) GH¢	Dec, 2023 (HTM) GH¢	Dec, 2022 GH¢	Chg. (%) (MTM)
Net Assets	2,771,507.00	3,937,431.67	3,546,412.00	-21.85
NAV/unit	1.0954	1.5489	1.2969	-15.54



#### Asset Allocation

As at the end of the year 2023, Cocoa Bills constituted 4.84% of the Fund's Portfolio while Government of Ghana Bonds constituted 89.82% of the portfolio. Cash and cash equivalent constituted 5.35% of the total Portfolio.



### Strategic Direction for 2024

As part of measures to grow the Fund, the Fund Manager will continue to move Funds into securities that will enable the Fund to meet the conditions of a Balanced Fund which will ultimately boost its competitiveness.

The Fund Manager will intensify its marketing of the Fund to retail and institutional clients, through one-on-one presentations and digital platforms. We shall also create additional collection platforms i.e., direct debit and standing orders to ensure consistent monthly inflows from existing and potential clients.

### Conclusion

Distinguished Shareholders, the Fund Manager remains committed to ensuring competitive returns and capital preservation and will continue to strategically invest in diversified instruments to optimize returns for Shareholders.

Thank you.

**The Fund Manager**

## CUSTODIAN'S REPORT

CalBank PLC.

A: 23 Independence Avenue P.O. Box 14596 Accra, Ghana

T: +233 (0) 302 680061-69, +233 (0) 302 680079

F: +233 (0) 302 680081, +233 (0) 680083

E: [customercare@calbank.net](mailto:customercare@calbank.net) [www.calbank.net](http://www.calbank.net)



April 16, 2024

The Fund Manager  
Cidan Investment Ltd  
Cidan House, No 169 Block 16  
Haatso - Accra

Dear Sir,

REPORT OF THE CUSTODIAN TO THE BOARD OF PINNACLE BALANCED FUND  
(OCTANEDC BOND FUND)

CalBank PLC, the Custodian of OctaneDC Bond Fund confirms the investment holdings for the Fund as at December 31, 2023 as follows:-

DESCRIPTION	NOMINAL	COST (GHC)	MARKET VALUE (GHC)	% OF TOTAL
CASH	149,078.53	149,078.53	149,078.53	3.79
GOVERNMENT SECURITIES	3,525,580.00	3,525,580.00	3,653,430.70	92.78
LOCAL GOVT & STAT. AGENCY	129,422.00	129,422.00	134,922.44	3.43
<b>GRAND TOTAL</b>		<b>3,804,080.53</b>	<b>3,937,431.67</b>	<b>100.00</b>

Yours faithfully,

Nan Opoku (Ms.)  
Head - CalBank Custody Services

## **DIRECTORS' RESPONSIBILITIES AND APPROVAL**

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The directors are required by the Companies Act, 2019 (Act 992) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss cost-effectively. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

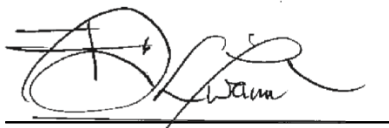
The directors believe, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The financial statements support the viability of the company.



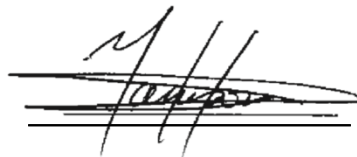
The annual financial statements have been audited by the independent auditing firm, EAK & Associates, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders, the directors and committees of the directors. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 6 to 8.

The annual financial statements set out on pages 9 to 20 which have been prepared on a going concern basis, were approved by the directors and were signed on 15 April 2024 on their behalf by:

Approved by the directors on 15 April 2024 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'T. Kwami', written over a horizontal line.

Rev. Thomas Dzoletso Kwami - Chairperson

A handwritten signature in black ink, appearing to read 'Eunice-Sylvia Yamson', written over a horizontal line.

Eunice-Sylvia Yamson -Member

## **REPORT OF DIRECTORS**

The directors present their report for the year ended 31 December 2023.

### **1. Review of activities**

The company's principal activities are investing members' monies for their mutual benefit and to hold and arrange for the management of securities and other properties acquired with monies. There were no major changes herein during the year.

The operating results and statement of financial position of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

### **2. Going concern**

The annual financial statements have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis.

### **3. Events after the reporting date**

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

The directors are not aware of any matter or circumstance arising from the end of the financial year to the date of this report that could have a material effect on the financial position of the company.

### **4. Directors' interest in contracts**

To our knowledge, none of the directors had any interest in contracts entered into during the year under review.

### 5. Authorised and issued share capital

No changes were approved or made to the authorised or issued share capital of the company during the year under review.

### 6. Dividend

No dividend was declared or paid to shareholders during the year.

### 7. Directors

The directors of the company during the year and up to the date of this report are as follows:

Rev. Thomas Dzoletso Kwami – Chairperson

Eunice-Sylvia Yamson – Member

Stephen Nketia Kyere - Member

### 8. Secretary

The company's designated secretary is AccountingWeb Consult.

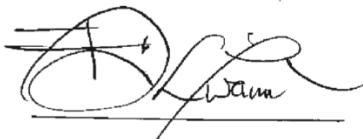
### 9. Corporate social responsibility

During the year the company has not undertaken any corporate social responsibility activities.

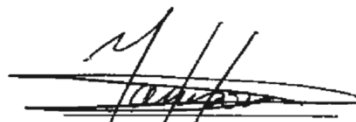
### 10. Independent Auditors

Messrs EAK & Associates have indicated their willingness to continue in office as auditors of the Company and in accordance with section 139(5) of the Companies Act, 2019 (Act 992) they so continue.

Approved by the directors on 15 April 2024 and signed on its behalf by:



Rev. Thomas Dzoletso Kwami - Chairperson



Eunice-Sylvia Yamson -Member

## INDEPENDENT AUDITOR'S REPORT

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### Opinion

We have audited the financial statements of OctaneDC Bond Fund set out on pages 20 to 39, which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, the statement of changes in net assets attributable to fund investors and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as of 31 December 2023 and its financial performance and cash flows for the year that ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act, 2019 (Act 992) and the Securities and Industries Act, 2016 (Act 929).

### 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) together with the ethical requirements that are relevant to our audit of the financial statements in Ghana, we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

Without forming the basis of any qualification in our audit report, we draw attention to the obvious fact that the provisions made by the company for corporate taxes are subject to the agreement of the Ghana Revenue Authority.

### Other Information

The directors are 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 and will 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 we have performed, 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' Responsibility for the Financial Statements**

The directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with

the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act, 2019 (Act 992) and the Securities and Industries Act, 2016 (Act 929), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives 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 based on these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether

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

- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 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 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 control that we identify during our audit.

### **Report on Other Legal Requirements**

As required by the Ghanaian Companies Act, 2019 (Act 992) we report to you, based on our audit, that:

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

- As earlier said in the opinion paragraph, to the best of our knowledge and belief, the financial statements present in all material respect the required information in the manner prescribed by the Companies Act, 2019 (Act 992); and
- In form and substance, we are independent of the Company in accordance with section 143 of the Act and also in accordance with the Code of Ethics for Professional Accountants.

The engagement partner on the audit resulting in this independent auditor's report is Emmanuel Adadey (ICAG/P/1449).



**EAK & ASSOCIATES**  
*Chartered Accountants*  
**P. O. BOX AH 1246,**  
**ACHIMOTA-ACCRA**

**For and on behalf of EAK & Associates (ICAG/F/2023/281)**

EAK & Associates Chartered Accountants

Behind Bestpoint Savings and Loans Limited Mile 7, Achimota – Accra

**15 April, 2024**

# STATEMENT OF FINANCIAL POSITION

As At 31st December, 2023

	Notes	2023	2022
<b>Figures in GHS</b>			
<b>Assets</b>			
Cash and cash equivalents	4	149,081	189,146
Investments held at amortised cost	5	2,639,276	3,377,949
<b>Total assets</b>		<b>2,788,357</b>	<b>3,567,095</b>
<b>Liabilities</b>			
Other payables	6	16,879	20,683
<b>Total liabilities</b>		<b>16,879</b>	<b>20,683</b>
<b>Total assets less liabilities</b>		<b>2,771,478</b>	<b>3,546,412</b>
<b>Represented by:</b>			
<b>Net Assets Attributable to Fund Investors</b>		<b>2,771,478</b>	<b>3,546,412</b>

The financial statements and notes on pages 9 to 20 were approved by the directors on 15 April 2024 and signed on its behalf by:



Rev. Thomas Dzoletso Kwami - Chairperson



Eunice-Sylvia Yamson - Member



## STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 31st Dec. 2023

Figures in GHS	Notes	2023	2022
<b>Investment Income</b>	7	(316,376)	504,806
<b>Total Investment Income</b>		<u>(316,376)</u>	<u>504,806</u>
<b>Expenses</b>			
Management fees	8	(69,109)	(80,764)
Administrative expenses	9	(57,426)	(44,684)
Impairment loss provision	10	-	(156,302)
<b>Total operating expenses</b>		<u>(126,535)</u>	<u>(281,750)</u>
<b>Decrease/Increase in net assets attributable to Fund Investors from operations</b>		<u>(442,911)</u>	<u>223,056</u>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO FUND INVESTORS

For The Year Ended 31st Dec. 2023

Figures in GHS	Net assets attributable to Fund Investors	Total
<b>Increase in net assets attributable to Fund Investors 1 January 2022</b>	3,425,527	3,425,527
Shareholders' capital contributions	1,127,951	1,127,951
Withdrawals	(1,230,122)	(1,230,122)
<b>Increase in net assets attributable to Fund Investors 1 January 2022</b>	<b>3,323,356</b>	<b>3,323,356</b>
Increase in net assets attributable to Fund Investors from operations	223,056	223,056
<b>Net assets attributable to Fund Investors 31 December 2022</b>	<b>3,546,412</b>	<b>3,546,412</b>
<b>Increase in net assets attributable to Fund Investors 1 January 2023</b>	3,546,412	3,546,412
Shareholders' capital contribution	114,736	114,736
Withdrawals	(446,761)	(446,761)
<b>Increase in net assets attributable to Fund Investors 1 January 2023</b>	<b>3,214,387</b>	<b>3,214,387</b>
Decrease in net assets attributable to Fund Investors from operations	(442,911)	(442,911)
<b>Net assets attributable to Fund Investors 31 December 2023</b>	<b>2,771,478</b>	<b>2,771,478</b>

## STATEMENT OF CASH FLOWS

For The Year Ended 31st Dec. 2023

Figures in GHS

### Cash flows from operations

<b>Net investment income</b>	(442,911)	223,056
<b>Adjustments to reconcile (loss) / profit</b>		
Investment income (non-cash)	796,937	(20,221)
Adjustments for increase in other operating payables	(3,808)	1,769
<b>Total adjustments to reconcile (loss) / profit</b>	<b>793,129</b>	<b>(18,450)</b>

### Net cash flows from operations

<b>350,218</b>	<b>204,606</b>
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### Cash flows (used in) / from investing activities

Purchase of Government Bonds	(3,525,417)	(727,911)
Purchase of Treasury Bills	(589,715)	(766,413)
Redemption of Treasury Bills	738,220	1,044,641
Redemption of Treasury Bonds	3,318,648	477,943
Redemption of Treasury Equities	-	1,767
<b>Cash flows (used in) / from investing activities</b>	<b>(58,264)</b>	<b>30,027</b>

### Cash flows used in financing activities

Contribution from Fund Investors	114,736	1,127,951
Withdrawals from Fund Investors	(446,761)	(1,230,122)
<b>Cash flows used in financing activities</b>	<b>(332,025)</b>	<b>(102,171)</b>

### Net (decrease) / increase in cash and cash equivalents

<b>(40,069)</b>	<b>132,462</b>
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Cash and cash equivalents at the beginning of the year

189,146	56,684
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### Cash and cash equivalents at the end of the year

<b>149,081</b>	<b>189,146</b>
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# NOTES TO THE FINANCIAL STATEMENTS

**For The Year Ended December 31, 2023**

## 1. General information

OctaneDC Bond Fund ('the company') The company's principal activities are investing members' monies for their mutual benefits and holding and arranging for the management of securities and other properties acquired with monies.

The company is incorporated as a private company and domiciled in Ghana. The address of its office location is House No. 261, Haatso - North, Legon Accra.

## 2. Basis of preparation and summary of significant accounting policies

The financial statements of OctaneDC Bond Fund have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, the Companies Act, 2019 (Act 992) and the Securities and Industries Act, 2016 (Act 929). The financial statements have been prepared under the historical cost convention except for financial instruments that are measured at fair value, as explained in the accounting policies below. They are presented in Ghana Cedis.

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

### 3.1 Foreign currency translation

Functional and presentation currencies

The financial statements have been presented in Ghana Cedis. The functional currency of the company is Ghana Cedi.

## Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### 3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### Quoted investments

The financial assets at fair value through profit or loss are determined by reference to their quoted bid price at the reporting date. Changes in market values are recognised in the Statement of profit and loss.

#### Cash and cash equivalents

The fair value of cash and cash equivalents approximates their carrying values.

#### Non-Derivative Financial Liabilities

Fair value, which is determined for disclosure purposes, is calculated on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Instruments with a maturity period of 6 months are not discounted as their carrying values approximate their fair values.

### 3.3 Fair value of Financial instruments

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under IFRS 13 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Fund has the ability to access.

Level 2: Inputs to the valuation methodology include:

- 3.3.1 quoted prices for similar assets or liabilities in active markets;

- 3.3.2 quoted prices for identical or similar assets or liabilities in inactive markets
- 3.3.3 Inputs other than quoted prices that are observable for the asset or liability;
- 3.3.4 Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

### 3.4 Investment income

Dividend Income from investments is recognized when the shareholders' right to receive payment has been established. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable.

### 3.5 Financial Assets

#### **Financial Assets at Fair Value through Profit or Loss (FVTP&L)**

Fair value through profit or loss is the classification of instruments that are held for trading or for which the entity's business model is to manage the financial asset on a fair value basis i.e. to realise the asset through sales as opposed to holding the asset to collect contractual cash flows. Upon initial recognition as a financial asset or financial liability, it is designated by the Directors at fair value through profit or loss except for investments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. The Directors have elected to classify all investments in equity under FVTP&L.

#### **Investment Held at Amortised Cost**

Investments held at amortised cost are non-derivative financial assets with fixed or determinable payments and fixed maturity. In determining the classification of financial assets to the above class, two test criteria are applied;

Business model test: The objective of the entity's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument before its contractual maturity to realise its fair value changes).

Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. The Directors have assessed the business model of the Fund and cash flow characteristics of its fixed-income investments and elected to classify all fixed-income instruments under amortised cost.

### **Initial Recognition of Financial Asset**

Purchase and sales of financial assets held at fair value through profit or loss and liabilities are recognized on the date the Directors commit to purchase or sell the asset. Financial assets are initially recognized at fair value plus directly attributable transaction costs, except for financial assets at fair value through profit or loss.

### **Subsequent Measurement of Financial Asset**

Financial Assets classified as fair value through profit or loss are subsequently measured at fair value with the resulting changes recognized in the Statement of Changes in Net Assets.

#### **De-recognition**

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

Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expired.

#### **Amortized Cost Measurement**

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

#### **Identification and Measurement of Impairment**

A financial asset or a group of financial assets are impaired using the “expected credit loss” model, where the Directors calculate the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability-weighted outcomes.

The Expected Credit Loss Model (ECL) is used in the recognition of impairment losses. The ECL means that on the day an entity recognizes (enters into an investment contract) a financial asset, it has to provide from day 1 credit losses up to 12 months of expected credit loss if the financial assets are not credit impaired. When the issuer's credit risk worsens due to some observed conditions, then a lifetime ECL must be booked.

Objective evidence that financial assets are impaired can include default or delinquency by a debt issuer and other observable data that suggests adverse changes in the payment status of the debt issuer.

The Directors first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Directors determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized, are not included in a collective assessment of impairment.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated based on the historical loss experience for assets with credit risk characteristics similar to those in the Fund. Historical loss experience is adjusted based on current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the Statement of Changes in Net Assets.

### **3.6 Provisions**

Provisions are recognized when the Fund has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where the obligation is expected to be settled over a period of years, the provision is discounted using a discount rate appropriate to the nature of the provision.



### **3.7 Cash and Cash Equivalents**

Cash and cash equivalents as referred to in the Cash Flow Statement comprises, current and call accounts with banks.

### **3.8 Standards, Amendments and Interpretations issued but not yet effective**

As at the end of the reporting period, there were no new standards, amendments to standards and interpretations issued but yet to be effective for mutual fund reporting.

## **4 Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## Notes to the financial statements cont.

### Figures in GHS

2023

2022

#### 5. Cash and cash equivalents

##### Cash and cash equivalents comprise:

Call account	149,081	189,146
	<u>149,081</u>	<u>189,146</u>

#### 6. Investments held at amortised cost

##### Investments held at amortised cost comprise:

Treasury and cocoa bills	134,877	290,221
Government bonds and notes	3,652,462	3,306,517
Fair value changes on Fixed Income Securities	(1,148,063)	(218,789)
	<u>2,639,276</u>	<u>5,377,949</u>

##### 6.1 Fair Value Changes on Fixed Income Securities

The changes in fair value of fixed income securities were determined based on a fair value measurement at the end of the year. The fixed income securities decreased in value below their initial carrying amount, and were therefore adjusted to their fair value in accordance with IFRS 13: Fair Value Measurement.

#### 7. Other payables

##### Other payables comprise:

Custodian fees payable	484	588
Fund Manager fees payable	4,951	4,408
Fund Administrator fees payable	-	1,322
Board of Directors` fees payable	5,533	8,456
Audit fees payable	5,909	5,909
<b>Total other payables</b>	<u>16,879</u>	<u>20,683</u>

#### 8. Investment income

##### Investment income comprises:

Interest on Treasury Bills	48,837	77,445
Interest on Treasury Bonds	552,607	630,319
Interest on bank deposits	11,454	15,872
Realised loss on sale of equity	-	(41)

Unrealised loss	(929,274)	(218,789)
<b>Total investment income</b>	<b>(316,376)</b>	<b>504,806</b>

## 9. Management fees

### Management fees comprise:

Fund Management fees	63,297	73,911
Custodian fees	5,811	6,853
<b>Total management fees</b>	<b>69,109</b>	<b>80,764</b>

## 10. Administrative expenses

### Administrative expenses comprise:

AGM expenses	3,423	1,564
Audit fees	6,688	6,686
Bank charges	488	188
Board fees	45,677	35,696
Commissions	-	50
Fund expenses	-	500
Fund registration fees	1,150	-
<b>Total administrative expenses</b>	<b>57,426</b>	<b>44,684</b>

## 11. Impairment loss provision

### Impairment loss provision comprises:

Impairment loss on Government Bonds	-	(156,302)
<b>Total Impairment loss provision</b>	<b>-</b>	<b>(156,302)</b>

The impairment provision was made in response to the impact of the Domestic Debt Exchange Programme initiated by the Government of Ghana, which was as a result of a decrease in the market value of the investment by the end of the year. This provision specifically applies to the accrued interest that has not been received, and it serves to account for the expected losses due to the investment's decline in value.

## 12. Financial Risk Management, Objectives and Policies

The Fund has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Foreign exchange risk

The objective of the fund is to achieve medium to long-term capital growth through investing in a selection of financial instruments. This note presents information about the Fund's exposure to each of the above risks.

## Risk Management Framework

The board of Directors has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Directors is responsible for monitoring compliance with the Fund's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risk faced by the Fund.

The Fund's risk management policies are established to identify and analyze the risk faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

### (a) Credit Risk

Credit risk is the risk that counterparties (i.e. financial institutions and companies) in which the Fund's assets are invested will fail to discharge their obligations or commitments to the Fund, resulting in a financial loss to the Fund.

### (b) Liquidity risk

Liquidity risk is the risk that the Fund either does not have sufficient financial resources available to meet its obligations and commitments as they fall due or can access them only at excessive cost. The Fund's approach to managing liquidity is to ensure that it will maintain adequate liquidity in the form of cash and very liquid instruments to meet its liabilities when due.

### The following are contractual maturities of financial assets as at 31 December 2023:

Financial Assets	3 months of less (GHS)	4 - 6 months (GHS)	7 - 12 months (GHS)	More than 12 months (GHS)
Treasury Bills	-	-	134,877	-
Treasury Notes	-	-	-	2,504,399
<b>Total</b>	-	-	134,877	2,504,399

### The following are contractual maturities of financial liabilities as at 31 December 2023:

Financial Liabilities	3 months of less (GHS)	4 - 6 months (GHS)	7 - 12 months (GHS)	More than 12 months (GHS)
Other payables and accrued expenses	15,035	-	-	-
<b>Total</b>	15,035	-	-	-

**(a) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

**(a) Interest Rate Risk**

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The investment managers advise the Directors on the appropriate balance of the portfolio between equity, fixed-rate interest, and variable-rate interest investments. The Fund has no interest-bearing liabilities.

**(b) Operational risk**

Operational risk is the risk of direct or indirect loss due to an event or action resulting from the failure of internal processes, people and systems, or external events. The Fund seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor, control and report such risk.

**13. Contingent Liabilities and Commitments****(a) Contingent liabilities**

Pending legal suits:

There were no contingent liabilities as of the balance sheet date.

**(b) Capital expenditure commitments**

Under contract:

There were no capital commitments as at the balance sheet date.

**14. Events after the Reporting Period**

Events subsequent to the balance sheet date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

**15. Related Parties****Transactions with Key Management Personnel**

There is no evidence that Key management personnel and their immediate relatives transacted business with the Fund during the year.

**Transactions with Directors**

There is no evidence that the Board of Directors transacted business with the Fund during the year. We are unable to determine the extent to which any immediate relatives transacted business with the Fund.

**Transactions with Other Employees**

There is no evidence that other employees transacted business with the Fund during the year.

# DETAILED INCOME STATEMENT

For The Year Ended December 31, 2023

Figures in GHS

	Notes	2023	2022
<b>Investment Income</b>	7		
Interest on bank deposits		11,454	15,872
Interest on Treasury Bills		48,837	77,445
Interest on Treasury Bonds		552,607	630,319
Loss in valuation of Treasury Bonds		(929,274)	(218,789)
Realised loss on sale of equity		-	(41)
		<u>(316,376)</u>	<u>504,806</u>
<b>Management fees</b>	8		
Custodian fees		(5,811)	(6,853)
Fund Management fees		(63,297)	(73,911)
		<u>(69,109)</u>	<u>(80,764)</u>
<b>Administrative expenses</b>			
AGM expenses		(3,423)	(1,564)
Audit fees		(6,688)	(6,686)
Bank charges		(488)	(188)
Board fees		(45,677)	(35,696)
Commissions		-	(50)
Fund expenses		-	(500)
Fund registration fees		(1,150)	-
		<u>(57,426)</u>	<u>(44,684)</u>
<b>Impairment loss provision</b>	10		
Impairment loss on Government Bonds		-	(156,302)
		<u>(442,911)</u>	<u>223,056</u>
<b>Decrease/Increase in net assets attributable to Fund Investors from operations</b>			

## PROXY FORM

I/We ..... being a member of the above-named Fund hereby appoint ..... or failing him/her, the Chairman of the meeting as my/our proxy to vote for me on my/Our behalf at the 7<sup>th</sup> Annual General Meeting of the Company to be held on, Tuesday, 21<sup>st</sup> May 2024 and at any adjournment thereof.

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

Resolution	For	Against
1. That the Directors' Report, Profit and Loss Account and Balance Sheet ("the Annual Report and Financial Statements") for the year ended 31 <sup>st</sup> December 2023 be received and adopted.		
2. That a maximum amount of Forty-Two Thousand Ghana Cedis (GHS42,000.00) be approved as Directors' remuneration for the financial year ending 31 <sup>st</sup> December 2024.		
3. That the Directors are authorized to determine the remuneration of the Auditors for the financial year ending 31 <sup>st</sup> December 2024.		

Signed: .....

Name: .....

Date: .....



MANAGED BY

