ANNUAL REPORT 2017

Venture Capital Trust Fund

Email: info@ venturecapitalghana.com.gh
Website: www.venturecapitalghana.com.gh
Tel: +233 (0) 302 670 946

Address: 12th floor, Premier Towers
Ministries, Accra
PMB CT449 Cantonments, Accra, Ghana

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CORPORATE INFORMATION

Board of Trustees	Mr. Kofi Owusu Sekyere	Chairman
	Mr. Yaw Owusu – Brempong	Member & CEO
	Mr. Franklin Owusu Asafo – Adjei	Member
	Mr. Brian Frimpong	Member
	Hon. Fusieni Issah	Member
	Dr. John Kofi Mensah	Member
	Mrs. Efua Appenteng	Member
	Mrs. Afua Asabea Asare	Member
	Mr. Ekow Afedzi	Member
Secretary	ENSAFRICA	
	31 Ringway Estates	
	Asafoanye O. Broni Crescent, Osu Accra	
	Ghana	
Registered office	I2th Floor	
	Premier Towers	
	Ministries	
	Accra	
Auditors	AADS CONSULT.	
	Chartered Accountants	
	Republic House (5th Floor)	
	Kwame Nkrumah Avenue	
	Accra	
Bankers	Ghana Commercial Bank Limited	
	Agricultural Development Bank Limited	
	National Investment Bank Limited	
	Fidelity Bank Limited	
	Ecobank Ghana Limited	
	Access Ghana Limited	
	Sahel Sahara Bank	

CHAIRMAN'S STATEMENT

Introduction

After the inauguration of the new Board in the last quarter of 2017 the middle of last year, our primary aim was to resolve all inherited outstanding issues, improve governance and recapitalize the Trust Fund towards achieving its core mandate. Significant progress was made towards achieving these aims culminating in the Trust Fund's receipt of part budgetary allocation of GH 20 million from the Ministry of Finance (MoF). This afforded the Trust Fund the opportunity to pay all its outstanding capital calls in the tune of One Million Four Hundred and Thirty-Nine Thousand One Hundred and Sixty-Five Dollars (USD 1,439,165) owed Ebankese and Fidelity Equity Fund II (FEF II) since 2013.
As already indicated, much effort has been directed towards restructuring of the Trust Fund and its activities. Closing funds will be exited and replaced with new ones focusing on key sectors of the economy. The Trust Fund is at various stages in its efforts to establish new funds. This is being done in partnership with various institutions that are raising capital for investment.

Ghana Economic Outlook

Ghana's economic performance improved significantly in 2017 after a difficult 2016. The fiscal deficit dropped to 6% of Gross Domestic Product (GDP) in 2017 from 9.3% in 2016, underpinned by serious fiscal consolidation efforts. Total revenue (including grants) underperformed by 1.1% of GDP but the fiscal turnaround was achieved primarily through expenditure cuts (1.3% of GDP), which were imposed on recurrent and capital expenditures. Domestic revenue mobilization is a key priority for the government, and the World Bank supports these efforts through technical assistance to the Ghana Revenue Authority (GRA). The government predicts GDP will increase by 6.8% in 2018, followed by growth of 7.3% in 2019 and 5.6% in 2020. Inflation is likely to fall within or be close to the Bank of Ghana's medium-term target range of 6-10 percent in 2018. Based on the 2017 trends, and sustained fiscal consolidation, it is expected that the fiscal deficit could fall within the Government's target of below 5 percent of GDP from 2018 onwards.
Despite the positive outlook, challenges remain, including further containing inflation and strengthening and deepening the financial sector to lower interest rates. Ghana's economic performance over the medium term will, to a large extent, depend on the success of the economic stabilization program.

PRIVATE SECTOR– LED GROWTH

Ghana's private sector described by governments as the engine of growth continues to enjoy enormous support. From independence, the sector has grown incrementally beyond leaps and bounds. This is evident in the expanse dominance in banking, sports, manufacturing, telecom, mining, petroleum, media, agriculture, tourism, real estate, aviation as among others.
The promotion of private sector– led growth provides a key platform for reviving the non-oil sectors, as well as for links to stimulate manufacturing. Restoring and maintaining a sustainable fiscal and macroeconomic environment, improving the business-enabling environment while strengthening the electricity supply, and ensuring the energy sector's financial viability are requisite to enhanced productivity. The resolution of the production challenges of the Jubilee oil well and the September 2017 landmark ruling of the 2015 International Tribunal for the Law of the Sea on the boundary

dispute between Côte d'Ivoire and Ghana in favor of Ghana pave the way for renewed drilling and exploration of oil and gas and offer the potential for new oil investment.

Conclusion

The world is experiencing a wave of economic and financial globalization which has many benefits and challenges. The Fund and the wider community face a challenge similar to that faced by governments. We cannot solve all of the problems of VCTF and the VC/PE industry in Ghana as whole, but we can make an important contribution to policies that have the potential to deliver some of its benefits to VCTF and the VC/PE industry. Indeed, a good part of the work we are doing is to reform VCTF to meet its objectives so we have to look forward with a courageous mind, as we have the opportunity and the chance to make reforms.

Kofi Owusu Sekyere
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

Introduction

I am delighted to present the operational report of the Trust Fund for the year 2017, which happens to be my first year in office. I wish to express my gratitude to the Board of Trustees, Management and Staff for according me the necessary support and cooperation throughout the year. The year has been very eventful considering all the challenges the Trust Fund went through and as the new CEO in particular.

This Operational Report for the year ended 31st December, 2017 provides an overview of the activities of the Trust Fund. It focuses on the major projects, achievements and challenges during the year under reporting and strategies employed going forward.

Overview of Investments Activities

Fund Raising Efforts

The Trust had still not gotten a permanent solution to its Funding challenge over the past years. It continues to rely on the budgetary allocation from the Ministry of Finance for investment operations. The Trust in 2017 Government fiscal year received a budgetary allocation of Ghc219m. However, only Ghs20m was released in the year 2017. Management will submit input for budgetary allocation for the ensuing year in order to be able to support the various interventions aimed at providing funding to SMEs and thus creating jobs.

VCFC Operations

Oasis Africa Fund which was launched in August 2015 made its first investment of USD 2.0 million in Everpure Ghana Limited and called capital for its second investment of USD 1.4 million in Legacy Girls College. It is worthy to note that, VCTF honored all capital calls to it. Regular monitoring and reporting on the fund by the fund manager went according to plan. The fund as at the year of reporting had reached a commitment in excess of USD 50 million with additional investments from Development Financial Institutions (DFIs) such as Proparco etc.

Ebankese Venture Fund Ltd continues to remain the best performing fund within the VCTF portfolio of funds. Much work was committed to executing the fund manager's plan in anticipation of the fund exit. The Trust Fund honored its capital call obligation during the period. The companies under the fund operated normally within the year, with regular monitoring and support from the fund manager, Oasis Capital. It is expected that the fund manager will continue to work hard to build value in the various portfolio towards the successful exit of the fund.

Mustard Capital continued to work together with its seven investees companies to build additional value, identifying areas of potential in an economy challenged by unstable macroeconomic variables. The Fund generally operated normally throughout the year and returned capital to VCTF to a tune of US$ 80,543.00. Also the fund manager concentrated much of its efforts in helping the operational companies become profitable in the pursuit of its exit strategies. It is hopeful that the fund will record new exit within the coming year.

The management of Bedrock and Activity funds by the investment department continued unabated. The department conducted its regular monitoring visits to all the operational portfolio companies under the two funds during the year under review.

The Trust Fund witnessed low interest on the part of shareholders and the Board in terms of outstanding capital commitments and general administration of the funds. It is evident that the absence of a substantive fund manager for the two funds coupled with the lack of capital assistance from the investors has negatively affected general operations. Efforts were directed at dealing with the several inefficiencies and challenges of the two funds. Management during the last quarter of 2017 began a series of consultations with the other shareholders. This is currently on going. Efforts was also made in maintaining the cordial working relationship already established with the investee companies and offering managerial and operational support as and when it was required.
Gold Venture Capital Finance Company did not record any new investment or exit within the period of review. The new fund manager appointed in 2015 is yet to employ hands on approach to the management of the fund. The various portfolio companies operated normally, though there were calls for additional investment to drive operational expansion and growth. One of the investee companies (Graphicolor) closed down its operations and begun liquidation process due to working capital constraints. Further, the impasse on termination compensation between the fund and the former fund manager is still pending under arbitration.

Capital Call Considerations
A total of USD 331,939.00 was paid in honor of three capital draw downs for Oasis Africa VC Fund Limited during the year. Also, VCTF's share of exit (partial) proceeds of USD 109,586 in Emerald Properties were used to offset unpaid capital call due FEF II. VCTF now owed no capital called to FEF II. Similarly, all outstanding commitments to Ebankese have been paid. There were no capital calls from Activity, Bedrock and Gold Funds.

Investments, Realizations and Exits

Activity recorded an exit from Vester Oil Mills in 2016. Proceeds from the exit were however distributed in 2017 with details shown below.

Fund Name	Fund Manager	Company	IRR	Exit Multiple	Net GAIN
Activity	Investment Team	Vester Oil	22.19%	4.25X	GHC 785,850.00

Ebankese and FEF II also returned capital to shareholders, of which VCTF's share of return was used to offset outstanding unpaid capital calls.

Fund Name	Fund Manager	TOTAL DISTRIBUTION	VCTF SHARE	Comments
Ebankese	Oasis	USD 650,000.00	USD 236,364.00	Offset against unpaid capital calls
Ebankese	Oasis	USD 350,000.00	USD 127,272.73	Offset against unpaid capital calls
FEF II	Mustard		USD 80,543.00	Offset against unpaid capital calls

VCTF ANALYST PROGRAM
The VCTF Analyst program continued within the year under review with the five interns undergoing on the job training as investment analysts. This program will be concluded with a final evaluation of the Analysts by the end of quarter four (4) in 2018. The program above is part of VCTF's program to develop the industry by offering very well-designed training to young graduates for further integration into the industry.

Soya Value Chain Financial intervention

In the course of the year, the Phase I of the Agric Value Chain financial intermediation for the Soya sector commenced with the planting of the seedlings that were procured. A total of 5.9MT of soya seeds were procured at GHC50,000.00 to be planted on about 400 acres of land under the initiatives. A proposal for the Three Year Soya project is being developed and a consultant selected to execute the project.

Over 408 farmers received Technical Assistance through training of the stakeholders for the Soya value Chain. Areas covered are: Sene West, Pru, Atebubu and Amantin. A total number of over 408 farmers have started planting.

Industry Development Program:

VC Regulation

With the believe that appropriate and proportionate regulation of the private equity and venture capital industry could have positive effects on the industry, the Trust Fund is supportive and was on board with discussions on the pending review of the Securities & Industries Act by SEC. This program is on-going with a draft guideline rules in place but yet to be discussed at a stakeholder level. With the review of this Act, SEC will regulate the operations of the private equity and venture capital alternative assets class.

VC Institute

The Trust Fund over the years allocated some funds to build capacity of industry professionals as a precursor for building a thriving VC industry in Ghana. However, funding is of essence and the base has also been achieved, hence the Trust Fund intended to set-up an institute to continue with this aspect of its mandate. The main objective of the VC Institute is to build the capacity of professionals in the venture capital industry within the financial services sector in order to better serve the companies more effectively. This could not be achieved due to lack of funding. The Trust is hopeful to begin this initiative in the coming year.

VCTF Analyst Program

The VCTF analyst program was piloted in 2016 with five interns currently being trained as trainee analysts for a two-year period with regular appraisals to assess their performance. As a pace setter in the venture capital and private equity industry in Ghana, this is part of VCTF's program to develop the industry by offering very well trained young graduates for further integration into the industry. This program will be concluded with a final evaluation of the analysts by the end of quarter four (4) in 2018.

Collaboration with other institutions

The Trust Fund responded to collaborative call/efforts to partner with ACDEP in areas of Projects development and implementation especially in Agribusiness. The partnership seeks to provide financial intermediation, creation and the development of over 8500 jobs for the youth specifically women in the three northern regions in the country.

OVERVIEW OF INTERNAL OPERATIONS

Following the inauguration of the new Board of Trustees on 9th October 2017, a retreat and strategy session was organized to enable management and the board plan for the next four years and also enable the board provide the needed oversight. The VCTF 5-year strategic plan which expired in 2016 was reviewed. A new strategy was developed (2017-2022) in line with the object, the vision and mission of the Trust.

The Trust Fund implemented a new grading system and salary structure in January to ensure fair and equity system. A new organizational structure was also implemented to ensure effective and efficient operations. The Trust fund continued to face safety challenges at its current office location. To ensure the Trust operate under a sound and healthy environment and in accordance with health and safety standards, the Board of Trustees granted approval for the relocation of the Trust's secretariat. A search for new office has begun and the Trust is expected to relocate it offices by first (1st) quarter of 2018. The Trust also initiated the process of employing the use of technology in most of its Human Resource and administrative activities in 2018.

*The Northern Zonal Office in the year 2017 proposed very innovative initiatives as part of its objective to be the fulcrum of the Agric Value Chain financial Intervention Initiatives. This has not been materialized due to funding challenges. Apart from this, regular monitoring visits were conducted to our investee companies i.e. EKA Food Processing Limited and Medewoasedaka Limited.

Technical Audit

In the course of the year a Technical Audit into the operations of the Trust Fund with regards to the Funds, DAF & SPV was conducted. Reports have been forwarded to the Auditor General for his attention by the auditor.

Outlook for 2018

2018 is anticipated to be a very productive year in the life of the Trust Fund. Though the Trust received a total amount of Ghs20m (19.9%) of the total budgetary allocation. It is hopeful that 2018 will be better following the government indication of it plans for the Trust and for that matter the private sector specifically SMEs. Apart from our regular fund business, the Trust Fund will continue with the Agric Value Chain intervention of funding the production of soya beans for the oil and poultry feed, yellow maize for the poultry industry and sorghum for the breweries. This intervention shall also provide raw materials for some of our investee companies.

The Trust Fund will support the government's flagship program of 'planting for food and jobs' with our agric value chain program. In the Year 2018, the Trust Fund will also avail itself to partner the Ministry of Trade and Industry (MoTI) with the 'One District One Factory' program. The wish of the Trust Fund is to be able to assist the Ministry of Trade & Industry in the identification of companies who qualify for the stimulus package. The Trust Fund could then hold equity stake in such companies on behalf of the Government.

The Trust Fund shall continue to pursue its quest to have a permanent source of fund from the Central Government and any other source permissible by law as that has been the major challenge in deepening its impact in the venture capital industry. Exploring avenues for financing from the National Pension Regulatory Authority (NPRA) and the Insurance industry will be pursued.

CONCLUSION

2017 has been very challenging in terms of operations due to the lack of funding from government. As a result, most of our planned programs were not implemented. However, we continued to pursue programs in maintaining our energy until the funding gap is bridged.

Also, the Trust continues to await the outcome of the external investigations instituted by government in 2015 to enable the Trust redeemed its dinted image and also channeled its efforts in the achievement of the core mandate. The Trust is also hopeful following intensive efforts to recover more monies from defaulters in the ensuing year.

Furthermore, efforts will be intensified on the review of the Act as directed by the Minister of Finance.

We are also hopeful that government would make available the allocated funds to the Trust so that we can continue to pursue our core mandate from 2018.

Yaw Owusu-Brempong
Chief Executive Officer

REPORT OF THE TRUSTEES

The Trustees in submitting the audited financial statements of the Fund for the year ended 31st December 2016, report thereon as follows:

Activities

The Fund activities are those of providing venture capital financing to businesses. Its business involves the provision of long term committed capital to assist unquoted companies to grow and succeed.

Financial Statements and Dividend

	GH¢
Total income	4,628,819
Decrease in net assets attributable to fund investors	2,237,255

Nature of business

There has been no change in the nature of business of the Fund during the year under review.

Auditors

In accordance with section 134(5) of the Companies Act,1963 Act 179, the Auditors Messrs AADS CONSULT continue in office as auditors of the Fund.

Conclusion

We wish to express our appreciation to the management and entire staff for their hard work during the year 2016

Approval of the financial statements

The financial statements of the Fund were approved by the Trustees on 1st August 2017 and are signed on its behalf by

Mr. Kwesi
Chairman

Mr Yaw Owusu - Brempong
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNMENT OF GHANA
REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Our opinion
In our opinion, the accompanying financial statements give a true and fair view of the financial position of Venture Capital Trust Fund as at 31st December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and the Venture Capital Trust Fund Act, 2004 (Act 680).

What we have audited.
We have audited the financial statements of Venture Capital Trust Fund for the year ended 31st December 2016.
The financial statements on pages 17 to 44 comprise:

- The statement of financial position as at 31 December 2016;
- The statement of comprehensive income for the year then ended;
- The statement of changes in equity for the year then ended;
- The statement of cash flows for the year then ended; and
- The notes to the financial statements which include a summary of significant accounting policies.

Basis for opinion
We conducted our audit in accordance with International Standard on Auditing (ISA). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information
The Trustees are responsible for the other information. The other information comprises the Report of the Trustees, The Corporate Governance Framework and the Value-Added Statement 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
If, based on the work we have performed on the other information, 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.

Responsibilities of the Trustees for the financial statements

The Trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (179) and the Venture Capital Trustees Fund Act, 2004 (Act 680), and for such internal control as the Trustees 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 Trustees are responsible for assessing the Fund'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 Trustees either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for overseeing the financial reporting process.

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 on the basis of these financial statements.

As part of the audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

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

  Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' 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 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 Fund to cease to continue as a going concern; and 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 Trustees 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.

We also provide the Trustees with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

Report on other legal and regulatory requirements

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

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion proper books of account have been kept by the Fund so far as appears from our examination of those books; and
3. The Fund's balance sheet (Fund's statement of financial position) and Fund's profit and loss account (the Fund's statement of comprehensive income) are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is

Stephen David Nii Amaah Armaah*(ICAG/PI/*081)
AADS CONSULT *(ICAG/F/2017/070)*
Chartered Accountants
Accra. Ghana
Date:

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2017

	NOTES	2017	2016
INCOME		**GH¢**	GH¢
Income	2a	**1,437,479**	1,440,414
		1,437,479	1,440,414
LESS EXPENDITURE			
Trustee Emoluments	3a	**176,810**	166,921
Administrative Expenses	3b	**4,009,250**	4,679,272
Auditors Remuneration		**25,000**	25,000
Depreciation Charges	3c	**627,891**	280,192
Financial cost	3d	**7,621**	87,778
		4,846,572	5,239,163
Net operating income		**(3,409,093)**	(3,798,749)
Other income	2b	**119,620**	3,188,405
Impairment on investments	6a	**(4,620,740)**	(1,626,911)
Decrease in net assets attributable to Fund investors		**(7,910,213)**	(2,237,255)
Other Comprehensive Income			
Net changes in fair valve of financial assets at fair value through profit or loss	3e	**-**	-
Revaluation Gain from Land at Ridge	4	**7,587,000**	-
Total comprehensive income for the year		**(323,213)**	(2,237,255)

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2017

Assets	NOTES	**2017**	2016
Non-current assets		**GH¢**	GH¢
Property and Equipment	4	**13,302,784**	4,054,907
Financial assets at fair value through profit or loss	5	**34,064,267**	30,557,898
		47,367,051	34,612,805
Current Assets			
Loans	6	**-**	366,593
Receivables	7	**988,722**	5,534,857
Cash and cash equivalents	8	**15,855,700**	4,179,302
		16,844,422	10,080,752
Total assets		**64,211,473**	44,693,557
Liability			
Current liabilities	9	**515,295**	674,167
		515,295	674,167
Net assets attributable to fund investors		**63,696,178**	44,019,390
Total liabilities and net assets attributable to fund investors		**64,211,473**	44,693,557

STATEMENT OF CHANGE IN NET ASSETS

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO FUND INVESTORS AS AT 31ST DECEMBER, 2017

	2017	2016
	GH¢	GH¢
Net assets attributable to Fund Investors at 1st January	**44,019,390**	46,256,645
Capital Injection from MOFEP	**20,000,000**	-
Increase/ (decrease) in net assets attributable to Fund Investor	**(323,213)**	(2,237,255)
Net assets attributable to Fund Investors at 31st December, 2017	**63,696,178**	44,019,390

STATEMENT OF CASH FLOW

STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31ST DECEMBER, 2017		
	2017	2016
	GH¢	GH¢
Operating activities		
Net assets attributed to Fund investors from operations	**(323,213)**	(2,237,255)
Other net changes in fair value of financial assets at fair		
Value through profit or loss	**-**	-
impairment charges	**2,220,938**	1,626,911
Gain on revaluation of property at Ridge	**(7,587,000)**	
Depreciation Charges	**627,891**	280,192
Profit and loss on disposal of assets	**(13,259)**	(34,717)
Operating cash flow before changes in working capital	**(5,074,643)**	(364,869)
Changes in working capital		
Increase/ (Decrease) in Loans	**366,593**	3,500
Increase/ (Decrease) in receivables	**2,325,197**	(1,582,038)
Increase/ (Decrease) in payables	**(158,872)**	(111,916)
Net changes in working capital	**2,532,918**	(1,690,454)
Net cash generated from operating activities	**(2,541,725)**	(2,055,323)
Investing activities		
Repayment of financial assets	**2,858,445**	-
Addition to Financial assets	**(6,364,813)**	(194,518)
Additions to property and equipment	**(2,365,297)**	(81,537)
Proceeds from sale of fixed assets	**89,787**	40,300
Net cash flow from investing activities	**(5,781,878)**	(235,755)
Financing activities		
Capital injection from MOFEP	**20,000,000**	-
Net cash flow from financing activities	**20,000,000**	-
Net increase in cash and cash equivalent	**11,676,398**	(2,291,078)
Cash and cash equivalent at 1 January	**4,179,302**	6,470,380
Cash and cash equivalent at 31 December	**15,855,700**	4,179,302

NOTE TO THE FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENT FOR PERIOD ENDED 31ST DECEMBER, 2017

	2017	2016
Note 2a: Income		
	GH¢	GH¢
Investment Income	**46,127**	-
Treasury Income	**1,391,352**	1,440,414
	1,437,479	**1,440,414**

Note 2b: Other income		
	2017	2016
	GH¢	GH¢
Exchange gain/(loss)	**43,130**	2,965,334
Profit from sale of assets	**13,258**	34,717
Arbitration won on Land at Ridge	**-**	188,354
Refund of gratuity paid	**15,872**	-
Stale cheques written off	**47,360**	-
	119,620	**3,188,405**

NOTES TO THE FINANCIAL STATEMENT FOR PERIOD ENDED 31ST DECEMBER, 2017

Note 3a: Trustees Emoluments

	2017	2016
	GH¢	GH¢
Fees	**39,562**	48,763
Sitting allowance	**137,248**	118,158
	176,810	166,921

Note 3b: Administrative expenses

	2017	2016
	GH¢	GH¢
Salaries and wages	**1,689,946**	1,636,060
SSF 13%	**132,192**	245,090
Provident Fund 5%	**50,879**	50,695
Utilities	**81,997**	95,577
Staff Lunch	**92,288**	123,998
Sundry Expenses	**9,589**	18,246
Printing and stationery	**55,682**	47,944
Entertainment	**6,927**	5,597
Public Relations & Advertisements	**204,403**	74,374
Telephone and postage	**21,012**	44,026
Travel and transport (Local Travels)	**101,771**	141,331
Security services	**65,348**	28,555
Cleaning & Sanitation	**11,896**	10,925
Legal and consultancy	**171,246**	533,360
Company Secretarial &Retainer ship	**88,937**	78,000
Staff Training	**32,264**	124,337
Rent	**474,669**	628,263
Insurance	**38,910**	43,517
Medical Insurance	**83,689**	79,901
Fuel and Lubricant	**51,854**	47,442
Seminars, workshops and conference	**64,850**	102,968
Gratuity	**199,636**	-
Technical assistance projects	**-**	50,000
Travel and transport (Foreign Travels)	**201,176**	414,696
Repairs and maintenance	**78,089**	54,370
	4,009,250	4,679,272

NOTES TO THE FINANCIAL STATEMENT FOR PERIOD ENDED 31ST DECEMBER, 2017

	2017	2016
Note 3c: Depreciation Charges		
	Ghc	Ghc
Motor Vehicle	**321,367**	146,328
Furniture & Fittings	**12,472**	12,400
IT Equipment	**21,910**	37,299
Office Equipment	**7,826**	10,445
Building	**34,255**	-
Leasehold Land	**230,061**	73,720
	627,891	280,192

Note 3d: Financial charges	**2017**	2016
	Ghc	Ghc
Penalty on Fixed Deposits	**-**	80,167
Bank Charges	**7,621**	7,611
	7,621	87,778

Note 3e: Unrealized Gain/Impaired Loss	**2017**	2016
	Ghc	Ghc
Other changes in fair value on financial assets at fair value through profit or loss		
Unrealized gain on investments -Activity Venture Fin Co Ltd	-	-
Unrealized gain on investments -Fidelity Equity Fund II	-	-
Impaired loss on investments -Gold Venture Capital Ltd	-	-
Unrealized gain on investments - Bedrock Venture Capital Fin Ltd	-	-
Unrealized gain on investments -Ebankese	-	-
Unrealized gain on investments -Oasis Africa Fund Ltd	-	-
	-	-

NOTES TO THE FINANCIAL STATEMENT FOR PERIOD ENDED 31ST DECEMBER, 2017

Note 4	Motor Vehicles	Office Furniture & Fittings	IT Equipment and Computers	Office Equipment	Building	Leasehold Land	Totals
Property and Equipment	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Cost							
Balance at 1 Jan. 2017	721,113	148,258	287,603	95,087	131,846	3,686,000	5,069,907
Revaluation Surplus	-	-	-	-	-	7,587,000	7,587,000
Additions	765,250	2,037	9,688	7,422	1,580,900	-	2,365,297
Disposal	327,567	-	15,903	6,028	-	-	349,498
Balance at 31 Dec. 2017	1,158,796	150,295	281,388	96,481	1,712,746	11,273,000	14,672,706
Accumulated Dep.							
Balance at 1 Jan. 2017	538,697	58,545	256,917	87,121	-	73,720	1,015,000
Charge for the year	321,367	12,472	21,910	7,826	34,255	230,061	627,891
Release on disposal	251,038	-	15,903	6,028	-	-	272,969
Balance at 31 Dec 2017	609,026	71,017	262,924	88,919	34,255	303,781	1,369,922
Net Book Value							
At 31 December 2017	**549,770**	**79,278**	**18,464**	**7,562**	**1,678,491**	**10,969,219**	**13,302,784**
At 31 December, 2016	182,416	89,713	30,686	7,966	131,846	3,612,280	4,054,907
Disposal							
Cost	327,567	-	15,903	6,028	-		349,498
Provision for Depreciation	251,037	-	15,903	6,028	-		272,968
Net Book Value	76,530	-	-	-	-		76,530
Proceeds from disposal	88,529	-	371	888	-		89,788
Profit from disposal	11,999		371	888			13,258

NOTES TO THE FINANCIAL STATEMENT FOR PERIOD ENDED 31ST DECEMBER, 2017

Note 5	Balance at 1/1/2017	Additions	Unrealized Gain	Impaired loss	Repayment of principal	Balance at 31/12/2017
Financial assets at fair value	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Activity Finance	2,383,360	-	-	-	473,314	1,910,046
Fidelity Venture Fund	7,955,520	-	-	-	356,403	7,599,117
Gold Venture Capital	2,194,100	-	-	-	-	2,194,100
Bedrock Venture Cap. Fund	4,995,400	-	-	-	100,000	4,895,400
Ebankese Venture Fund	12,835,000	4,921,620	-	-	1,928,728	15,827,892
Oasis Africa Fund	194,519	1,443,193	-	-	-	1,637,712
	30,557,899	6,364,813	-	-	2,858,445	34,064,267

NOTES TO THE FINANCIAL STATEMENT FOR PERIOD ENDED 31ST DECEMBER 2017

Note 6: Loans	**2017**	2016
	GH¢	GH¢
Investment Loans	**-**	1,401,200
Development Assistance Fund	**5,980,196**	6,118,788
Special Purpose Vehicle Loan	**24,033,310**	22,860,111
Gross	**30,013,506**	30,380,099
Less Impaired loss	**30,013,506**	30,013,506
	-	366,593

Note 6b: Impaired Loss	**2017**	2016
	GH¢	GH¢
Balance brought forward	**30,013,506**	28,386,595
Movement during the year	**-**	1,626,911
Balance carried forward	**30,013,506**	30,013,506

Note 7: Receivables	**2017**	2016
	GH¢	GH¢
Activity Venture Finance Co.	**-**	1,794
Deposit for land paid to Nana Kwame Edusei	**853,100**	812,345
Deposit for land paid to Dr Prince J Blankson	**-**	2,625,732
Staff Debtors	**20,234**	60,219
Prepayments	**107,619**	61,055
Accrued Interest: Universal Merchant Bank	**-**	2,495
Accrued Interest: Gold Coast Securities	**-**	1,100
Accrued Interest: Kron Capital Ltd	**1,042,612**	787,362
Accrued Interest: All Time Capital	**-**	63,634
Accrued Interest: Wealth Vision	**1,162,022**	690,269
Aaccrued Interest: Beige Capital	**-**	377,442
Accountable Imprest	**7,769**	51,410
	3,193,356	5,534,857
Less impaired loss on Kron and Wealth Vision	**2,204,634**	-
	988,722	5,534,857.00

NOTES TO THE FINANCIAL STATEMENT FOR PERIOD ENDED 31ST DECEMBER, 2017

Note 8: Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalent comprises the following with original maturity of less than 90 days

	2017	2016
	GH¢	GH¢
Fixed Deposits Investments	**13,265,972**	3,866,432
Cash at Bank	**2,567,239**	307,615
Cash in Hand	**22,489**	5,255
	15,855,700	4,179,302

NOTES TO THE FINANCIAL STATEMENT FOR PERIOD ENDED 31ST DECEMBER, 2017

NOTE 9: Payables

	2017	2016
	GH¢	GH¢
Withholding Tax	**22,377**	20,942
Audit Fees	**25,000**	25,000
Provident Fund	**9,246**	11,871
Staff Welfare deductions	**2,000**	2,180
PAYE	**18,036**	30,557
Social Security Contribution	**14,289**	18,336
Security (Corporate Intelligence Bureau)	**2,800**	1,647
ENS Africa	**75,000**	45,176
Technical Audit	**46,667**	-
Overpaid interest by SIC-FSL	**89,396**	-
Staff Lunch	**-**	4,937
Telephone	**570**	4,395
International Travel	**-**	2,982
Rent	**-**	492,142
Electricity	**3,589**	14,002
Nationwide Mutual Healthcare	**6,325**	-
Accrued Salary	**200,000**	-
	515,295	674,167

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017

Accounts

1. General information

Venture Capital Trust Fund was established by an Act of Parliament, Venture Capital Trust Fund Act, 2004 (Act 680) as a Government of Ghana initiative to provide finance to small and medium enterprises (SMEs).

Venture Capital Trust Fund is registered and domiciled in Ghana. The address of the Fund's registered office can be found on page 2 of the financial statements. The Fund's business is to provide venture capital funding to private sector small and medium size enterprises in Ghana.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB).

2.2 Basis of measurement

The financial statements are prepared under the historical cost basis as modified to include the fair valuation of certain financial assets and liabilities to the extent required or permitted under accounting standards and as set out in the relevant accounting policies.

2.3 Functional and presentational currency

The financial statements are presented in Ghana Cedis (GH¢) which is the Fund's functional and presentation currency.

2.4 Use of estimates and judgment

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments 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 underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current the future per

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in note 5.

2.5 New standards and interpretations not yet adopted

The standards and interpretations that are issued, but not yet effective up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these standards, if applicable, when they become effective.

IFRS 1 Government Loan - Amendments to IFRS 1 These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government assistance, prospectively to government loans existing at the date of transition to IFRS 9 (or IAS 39, as applicable) and IAS to 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first time adoption relief from retrospective measurement of government loans with a below-market rate of interest the amendment is effective for annual periods on or after 1 January 2013.The amendment has no impact on the Trust Fund.

IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set - off and related arrangements (egg. Collateral agreements).The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 financial instruments: Presentation.

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work though the adoption date is subject to the recently issued Exposure Draft on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2015. In subsequent phases, the Board will address impairment and hedge accounting. The Trust Fund will quantify the effect of the adoption of the first phase of IFRS 9 conjunction with the other phases, when issued to present a comprehensive picture.

IFRS 11- Joint Arrangements

The standard becomes effective for annual periods beginning on or after 1 Joint Ventures and SIC 13 Jointly Controlled Entities - Non-monetary Contribution by Ventures. Because IFRS II uses the principle of control in IFRS 10 define control, the determination of whether joint control exists may change. The adoption of IFRS II is not expected to have a significant impact on the accounting treatment of investments currently held the Fund.

IFRS 12 - Disclosure of Investment with Other entities

The standard becomes effective for annual periods beginning on or after 1 January 2013. It includes all of the disclosures that were in IAS 27 related to consolidated financial statement, as well as all of the disclosures that were previously included in IAS 31.Interest in Joint Ventures and IAS 28 Investments in Associates. These disclosures relate to an entity's interest in subsidiaries joint arrangements, associates and structured entities.
A number of new disclosures are also required. One of the most significant changes introduced by IFRS 12 is that an entity is now required to disclose the judgments made to determine whether it controls another entity. Many of these changes were introduced by the IASB in response to the financial crisis. Now, even if the Company concludes that is does not control an entity, the information used to make that judgment will be transparent to users of the financial statements to make their own assessment of the financial impact were the company to reach a different conclusion regarding consolidation. The standard will not have any impact on the financial position or performance of the Company.

IFRS 13 - Fair value Measurement

The standard becomes effective for annual periods beginning on or after 1 January 2013. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure the fair value of financial and non-financial assets and liabilities when required or permitted by IFRS. There are also additional disclosure requirements. Adoption of the standard is not expected to have a material impact on the financial position or performance of the Fund.

2.6 IAS 1 Presentation of Items of Other Comprehensive Income - Amendments to IAS 1

The amendments to IAS I change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gains on hedges of net investments, exchange differences on translation of foreign operations, net movements on cash flow hedges and net losses or gains on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans).
The amendment affects presentation only and has no impact on the Fund's financial position of performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

IAS 19 Employee Benefits - Amendments

The amendments to IAS 19 remove the option to defer the recognition of actuarial gains and losses, i.e. the corridor mechanism. All changes in the value of defined benefit plans will be recognized in profit or loss and other comprehensive income. The effective date of the standard is 1st January 2013. The amendment has no impact on the Company's financial position or performance.

IAS 27 Separate Financial Statements (as revised in 2012)

As a consequence of the new IFRS 10 and IFRS 12, what remains in IAS 27 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements. The Fund does not present separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 Investments in Associates and Joint Venture (as revised in 2012)

As a consequence of the new IFRS 12 Disclosures of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed ISA 28 Investments in Associates and Joint Ventures and describes the application of the equity method to investment in joint ventures in addition to associates. The revised standard becomes effective for annual period beginning on or after 1 January 2013.

IAS 32 Offsetting Financial Assets and Financial Liabilities Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set off. It will be necessary to assess the impact on the Fund by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of setoff be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.
The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. This amendment has no effect on the company. These amendments become effective for annual periods beginning on or after January 2014.

IFRIC 20 Stripping Cost in the Production Phase of a Surface Mine

This interpretation applies to waste removal (stripping cost incurred in surface running activity, during production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. The interpretation is effective for annual periods beginning on or after 1 January 2013. The new interpretation will not have an impact on the Fund.

Annual Improvements- May 2012

These improvements will not have an impact on the Fund, but include:

IFRs 1 First-time adoption of International Financial Reporting Standards

This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.

IAS 1 Presentation of Financial Statements

This improvement clarifies the difference between voluntary additional comparative information. Generally the minimum required comparative information is the previous period.

IAS 16 Property Plant and Equipment
This improvement clarifies that major spare parts and servicing equipment that meet the definition of property plant and equipment are not inventory.

IAS 32 Financial Instruments, Presentation
This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

IAS 34 Interim Financial Reporting
The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures. These improvements are effective for annual periods beginning on or after 31st January 2013.

3. Significant Accounting Policies

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

3.1 Foreign Currency Transactions

The Fund's foreign currency transactions are translated into the 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 from the translation at year-end monetary assets and liabilities denominated in foreign currencies, are recognized in the income statement. None-monetary assets and liabilities are translated at historical exchange rates if held at historical cost, exchange rates at the date that fair value was determined if held at fair value, and the resulting foreign exchange gains and losses are recognized in the income statement or shareholders' equity as appropriate.

3.2 Financial Instruments

Financial assets and financial liabilities at fair value through profit or loss

The Fund classifies its investments in equity securities as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are classified as fair value through profit or loss on initial recognition.

Financial assets and liabilities designated at fair value through profit or loss are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the International Private Equity and Venture capital Valuation Guidelines.

The Fund's policy requires management to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

Assets and liabilities in this category are classified as current assets and current liabilities if they are expected to be realized within 12 months of the balance sheet date. Those not expected to be realized within 12 months of the balance sheet date are classified as non-current.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Dividend income from financial assets at fair value through profit or loss is recognized in the income statement within dividend income when the Fund's right to receive payments is established. Interest income on debt securities is recognized in the income statement.

(ii) **Offsetting financial instruments**

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, the Fund has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.
Income and expenses are presented on a net basis when permitted by the accounting standards, or for gains and losses arising from a group of similar transaction.

3.3 Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are recognized initially at fair value. They are subsequently measured at amortized cost using the effective interest rate method, less provision for impairment.
A provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts to be received. Significant financial difficulties of the counterparty and default in payments are considered indicators that the amount to be received is impaired. Loss, interest income is recognized using the rate of interest to discount the future cash flows for the purpose of measuring the impairment loss.

3.4 **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, demand deposits, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

3.5 **Provisions**

A provision is recognized in the balance sheet when the Fund has a present legal or constructive obligation as a result of a past event, and it is probable that another flow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.6 **Interest income**

Interest income is recognized on a time-proportion basis using the effective interest method. It includes interest income from cash and cash equivalents and on debt securities.

3.7 **Impairment**

(i) **Financial assets**

A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.
As impairment loss in respect of a financial asset measure is calculated as the difference between its carrying amount and the present value of the estimate cash inflows to be received in relation to the asset. Individually significant financial assets are tested for impairment on an individual basis.
All impairment losses are recognized in the income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(ii) **Non-financial assets**

The carrying amounts of the Fund's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

3.8 **Taxation**

The Fund is domiciled in Ghana. Under the current laws, there is no income, capital gains or other taxes payable by the Fund.

3.9 Events after 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.

4.0 Fair value estimation

A number of the Fund's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and or disclosure purposes based on the following methods.

(i) Fair values for unquoted securities are determined by the Fund's using valuation techniques.

They take into account the relevant developments since the acquisition of the investments and other factors pertinent to the valuation of the investments with reference to such rights in connection with realization, recent third-party transactions of comparable types of instrument, reliable indicative offers from potential buyers, non-maintainable earnings and growth stage and the value of the net assets attributable 'fund investor' as reported by the various Venture Capital Companies (Investees) in which the Fund has invested, Cross-checks of primary techniques are made against other secondary valuation techniques.

In determining fair valuation, management in many instances relied on the financial data of investees and on estimates by the management of the investee companies as to the effect of future developments. Although management uses its best judgment in estimating the fair value of investments, there are inherent limitations in any estimation techniques. The fair value estimates presented herein are not necessarily indicative of an amount the Fund could realize in a current transaction. Future confirming events will also affect the estimates of fair value. The effect of such events on the estimates of fair value, including the ultimate liquidation of investments, could be material to the financial statements.

(ii) Cash and cash equivalents

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

(iii) 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 maturity period of 6 months are not discounted as their carrying values approximate their fair values.

5. Critical accounting estimates and judgments

The Fund makes estimates and assumptions that affect the respond amounts of assets and liabilities within that next financial year. Estimates and judgments are continually evaluated and are based on historical experience and

5.1 Fair value of investments not quoted in an active market

The fair value of securities that are not quoted in an active market is determined by using valuation techniques as per the International Private Equity and Venture Capital Valuation Guidelines or other valuation techniques that management deems reasonable.

5.2 Fair Value Hierarchy

The Fund has adopted the amendment to IFRS 7 in respect of disclosures about the degree of reliability of fair value hierarchy measurements. This requires the Fund to classify for disclosure purposes fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy shall have the following levels:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3) Observable data refers to market data that is readily available, regularly distributed or updated, reliable and verifiable and provided by independent sources that are actively involved in the relevant market.

The following indicates the fair value hierarchy of the Fund's financial assets measured at fair value at 31st December 2016.

Assets	Level 1	Level 2	Level 3
	GH¢	GH¢	GH¢
Financial Assets designated at fair value through profit and loss			30,557,898

5.3 Functional currency

The Fund considers the Ghana Cedi (GH¢) to be the currency that most faithfully represents the economic effect of the underlying transaction, events and conditions. The Ghana Cedis (GH¢) is the currency in which the Fund measures its performance and reports its results, as well as the currency in which it receives subscriptions from its investors.

Property &Equipment

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probably that future economic benefits associated with the item will flow to the bank and the cost can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

An impairment loss is recognized if the carrying amounts of an asset exceed its recoverable amount. The recoverable amount of an asset is the greater of its value in use and fair value less cost to sell. Impairment losses are recognized in the Income Statement.

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The current annual depreciation rates for each class of property and equipment are as follows:

Leasehold Land and building	2%
Motor vehicle	25%
Furniture & Fittings	10%
Office Equipment	33.33%
IT Equipment	33.33%

Depreciation methods, residual values and useful lives are re-assessed at each financial year. Gains and losses on disposal of property and equipment are included in the income statement.