



Venture Capital
TRUST FUND

ANNUAL REPORT
2015

Table of Contents

Corporate Information	1
Chairman's Statement	2
Chief Executive Officer's Report.....	4
Report of the Trustees.....	8
Statement of Trustees' Responsibilities	9
Independent Auditors Report to the Government of Ghana	10
Statement of Comprehensive Income	12
Statement of Financial Position.....	13
Statement of Changes in Net Assets Attributable to Fund Investors	14
Statement of Cash Flow.....	15
Notes to the Financial Statements.....	16 - 35



CORPORATE INFORMATION

Board of Trustees

Mr. Kwesi Amofo- Yeboah
Mr. Daniel Duku
Mr. Osman Sulemana
Mr. Clifford Mpare
Mr. Andrew Frimpong
Mr. Kwame Okyere - Mensuo
Mr. Kwame - Gazo Agbenyadzie
Mrs. Mabel Sagoe
Mr. Daniel Ato Kwamina K Mensah

Board Chairman
CEO
Ag. CEO
Trustee
Trustee
Trustee
Trustee
Trustee
Trustee

1/1/2015 to 30/09/2015

6/7/2015 to 31/12/2015

Secretary

ENSAfrica
54 Independence Avenue
1st Floor
Accra
Ghana

Registered Office

Premier Towers
12Th Floor
Ministries
Accra

Auditors

AADS CONSULT
Chartered Accountants
Republic House (5Th floor)
Kwame Nkrumah Avenue
Accra

Bankers

GCB Bank Limited
ADB Bank Limited
National Investment Bank Limited
Fidelity Bank Limited
Eco Bank Ghana Limited
Access Bank Ghana Limited
Merchant Bank Limited
Sahel Sahara Bank Ghana Limited



Chairman's Statement

It is a pleasure to share the 2015 progress of the Trust Fund with you, our esteemed audience. Although the year was a challenging one, the Trust Fund continued to stay afloat and managed to execute some key programs. The year also saw the departure of Daniel Duku as CEO of the Trust Fund after five years of service to the Trust and the arrival of Osman Sulemana as the new CEO around the 3rd quarter of the year.

Economic Overview:

Economic activity in the Ghanaian domestic economy strengthened slightly, with the government fiscal consolidation efforts yielding positive results, making the economy more efficient. According to the Ghana Statistical Service, GDP grew at 4.1 Percent at the end of 2015, compared to the 4.0 percent in 2014. This growth was above the 3.5 percent initially projected even though the World Bank and IMF estimate future growth above 7 percent.

The Industrial sector recorded the highest growth of 9.1 percent, followed by the service sector of 4.1 percent and the Agriculture sector with a growth of 0.4 percent. The deceleration in economic activity during 2015, was broadly attributed to energy supply constraints, depreciating currency, rising inflation, wide current account deficit, gaping fiscal deficit and rising debt levels. Consumer price levels saw an upward trend in the year 2015, with inflation ending the year at 17.7% from a 17% at the beginning of the year. The performance of interest rates on the money market was generally mixed. The Bank of Ghana Policy Rate was increased from 21.0 percent in December 2014, to 25.0 percent in September 2015. However, rates on the 91-day and 182-day Treasury bills declined from 25.8 percent and 26.4 percent respectively in December 2014, to 25.2 percent and 25.9 percent in September 2015. On the foreign exchange market, stability of the cedi was restored during the second half of 2015, following sharp depreciation in the first three months of 2015 averaging 14.1%, 14.55%, 10.15% against the USD, GBP and EUR respectively in the first two quarters of the year.

Accordingly, the 4th quarter of AGI business barometer ranked, high cost of electricity, inadequate power supply and the depreciation of the Cedi, as the top three challenges businesses faced in the country.

Initiative for the year

During the year, the Trust Fund could not disburse any funds to the VCFCs in response to capital calls, thus the total amount disbursed remained **US\$10,601,619.22** as of the last report date. This represents 62.34% of total committed capital. Distributions were made during the year on the sale of Caltech Ltd - an investee company of Gold Venture Capital Finance Company. A fair valuation carried out for the period under review saw all the funds appreciate in value.

Continuing with our mandate to promote the Private Equity investments in Ghana, VCTF continues to equip the Ghana Angel Investor Network (GAIN) to provide a platform for established entrepreneurs to assist aspiring entrepreneurs with capital and mentorship. I am pleased to report that in 2015, GAIN in an attempt to expand the Network of Angel investors, organized The Diaspora Angel Investor Dialogue (DAID) events in London, UK and Washington DC, USA.

These were informative networking events designed to connect Ghanaians in the Diaspora, with increasing investment opportunities back in Ghana. It was a collaborative effort between the Venture Capital Trust Fund, the Ghana Angel Investor Network, and the Ghana High Commission in London and Washington DC.

Corporate Governance

During the year under review, the President in consultation with the Public Service Commission appointed an Acting Chief Executive Officer, Mr. Osman Sulemana, to replace the then Chief Executive Officer, Mr. Daniel Duku. The CEO is responsible for the day to day administration of the affairs of the Board and ensures the implementation of the decisions of the Board.



Chairman's Statement

Fundraising

The Board has continued in its quest to raise funds for the Trust Fund, to enable it achieve the goals of providing SMEs with the much needed long term funding for growth. The challenge of an unreliable source of funding continued as an impediment in the discharge of the duties mandated by the VCTF Act, 2004 (Act 680). The Board shall however, continue to liaise with the Ministry of Finance to find alternative source of funding.

Review of VCTF Act

Venture Capital Trust Fund was established with the objective of easing access to long-term funding to Small and Medium Enterprises (SMEs). Although implementation of the law has only been about nine years, it has become very necessary to review the Act to ensure it reflects current needs of the private sector in general and SMEs in particular, as well as, the requirement for a growing venture capital industry in Ghana. The objective of the review is therefore to assess and re-align the VCTF ACT to make it more robust and strong in addressing the challenges of developing a thriving venture capital industry in Ghana that meets the growing demand of the Ghanaian private sector especially SMEs.

For the purpose of achieving the objective, a Technical Committee made up of representatives from Industry, Ministry of Finance, Ministry of Trade, and VCTF was established to initiate the review process. This is ongoing and we anticipate sending a Policy Proposals to Cabinet via Ministry of Finance for consideration in 2016.

Outlook

Global growth is expected to strengthen in 2016, due to the projected recoveries in economic activity in a number of distressed economies. Growth is expected to improve at 2.2 percent for advanced economies and 4.5 percent in emerging markets and developing countries. In Ghana, growth is, however, expected to pick up to 4.3 percent in 2016, and inflation targeted at 10.1 percent, a more stabilized cedi and gross international reserves of not less than 3 months of import cover of goods and services (MoF, 2015). With this positive outlook for 2016, a more stabled economy will generate more revenue for the Government; the Trust Fund will continue to work towards securing additional funding from the Government and other institutions.

A regular source of funding will enable the Trust Fund invest in new and more promising funds while pursuing other strategic alliances with sister government agencies such as EDAIF to increase the pool of funds available for SMEs. The Trust is looking to establish 2 Seed Funds within the next two years to support the start-up of ecosystem development. Since the review of the VCTF Act, 2004 (ACT 680) is ongoing, the Board will continue to liaise with the Ministry of Finance to facilitate the review of the Act which will identify and include other sources of funding for the Trust Fund.

Industry development is vital for the growth of the Private Equity / Venture Capital industry in the country as mandated by the VCTF Act. The Trust Fund will continue to organize industry programs aimed at building long-term human capital in the country. We will continue with our work with the Securities and Exchange Commission in the development of rules to regulate the industry in Ghana.

Conclusion

It was an interesting year with a number of successes irrespective of the challenges we faced. The Trust Fund looks with hope for a better 2016. I thank my fellow Board members, Management and staff for their support, dedication and resilience throughout the year. I thank all the partners of the Trust Fund and I employ their continuous support for a better 2016.



Mr. Kwesi Amofo-Yeboah
Chairman



Chief Executive Officer's Report

Introduction

This Operational Report for the year ended 31st December, 2015 provides an overview of the activities of the Venture Capital Trust Fund. It highlights the major achievements and challenges that the Trust Fund faced during the year under review and strategies employed to overcome them. Before I proceed, I will like to express my gratitude to the Board of Trustees, Management and Staff for according me the necessary cooperation as I assumed the leadership of the Trust Fund as the Chief Executive Officer.

Overview of Investment Activities

Fund Raising Efforts

With lack of funding being the Trust Fund's key challenge, its major objective in 2015 was to secure a more permanent source of funding to enable it invest in new and promising Funds. This was followed up with key consultative meetings with key stakeholders including the Ministry of Finance and Economic Planning (MoFEP), Ministry of Trade and Industry and the Export Development Agric and Industrial Fund (EDAIF). As a result of these efforts, an amount of GHS 5 million was disbursed to the Trust Fund by the Ministry of Finance in the second quarter of 2015. Additionally, a budget input request for an amount of GHS60 million was presented to the Ministry of Finance for consideration in the 2016 Annual Budget Statement. Further, discussions were initiated with EDAIF to explore the possibilities of obtaining funds through the EDAIF equity fund window. However, these efforts did not translate into concrete funding agreement and would therefore be pursued in 2016.

VCFC Operations

The Trust Fund continued to manage portfolios under Activity and Bedrock funds following the termination of the Fund Managers in 2013 and 2014, respectively. The Trust Fund conducted monitoring visits to all the portfolio companies under the two funds and regularly reported to the Board of the two funds on the status of the Fund as well as its portfolio. Most of the companies with challenges have requested for additional funding to support their operations. Most of the portfolio companies continued to experience severe cash flow problems of which some cases have almost reached liquidation point.

During the year, valuation of portfolio companies was commissioned and completed for Ebankese, Fidelity and Gold Funds. Also, valuation of portfolio companies under Bedrock and Activity which had already began in 2014 were completed showing a decline in the fortunes of the companies as a result of the absence of substantive fund managers.

Following the termination of Boulders Advisors Limited in 2014 as fund manager of Gold Venture Capital Finance Company, the Board informed VCTF of the appointment of Gold Coast Fund Management as new Fund Manager.

Ebankese Venture Fund Limited continued as the best performing fund within the VCTF portfolio of funds. The Fund made its eighth investment in Builders Accessories Ltd in 2015. A distribution of \$1 million was made by the fund manager of which VCTF's portion of \$363,000 was offset against unpaid capital calls.

VCTF made a \$2 million commitment in Oasis Africa Fund Limited during the last quarter of 2015, which is the second fund from Oasis Capital Partners. The Fund Manager expects to obtain a first close during the first quarter of 2016.

In the case of Fidelity Equity Fund II, the Fund Manager, continued to work together with its seven investees to build additional value, identifying areas of potential in an economy challenged by power and economic issues as experienced in 2015. An outstanding capital call of USD163,000 is yet to be honored by the Trust Fund. During the year an amount of US\$34,795 was distributed to VCTF. However, this amount was offset



Chief Executive Officer's Report

against unpaid capital calls.

Investments, Realizations and Exits

The Trust Fund did not disburse any funds in respect of capital called in the year. Hence VCTF's investments stand at US\$ 10,769,214. By way of exits Ebankese recorded partial exits with details as follows;

Company	Date of Realization	Holding period before realization	% of Investment exited
Penfield School	March 2014	15months	18.2%
Redrow Development	April 2015	36months	7.6%
Wenchi Rural Bank	July 2015	11months	12.5%

Valuation of Portfolio Companies

As part of VCTF's financial reporting requirements and annual performance assessment, the Investments Department conducted a full-scale valuation of all portfolio companies of Fidelity Equity Fund II, Gold and Ebankese Venture Capital Funds during the year ending 31st December 2014. Valuation of companies under Bedrock is yet to be completed.

New Fund Establishment

In 2014, the Board of VCTF approved for the establishment of two new funds, an Agric Fund and a new Generalist fund, following the completion of evaluation, selection and due diligence. The execution of the standard fund governing documents were completed by the first quarter of 2015 for the Agric Fund however the Board held the completion process for the establishment of the Generalist Fund which would have a target fund size of \$50 million and to be managed by Oasis Capital.

SME Listing Project

In 2014, the SME Listing Project, an initiative by the Ghana Stock Exchange with support from VCTF to promote the listing of SMEs on the Ghana Alternative Exchange (GAX), was introduced. With financial support from the GAX revolving fund, 2015 saw the listing of five companies (which included Samba Foods-a portfolio Company under Bedrock) on the Stock Exchange. There were no VCTF disbursements to the GAX in the year under review.

Ghana Angel Investor Network (GAIN)

In the year under review, Ghana Angel Investor Network (GAIN) in order to expand its Network of Angel investors organized the Diaspora Angel Investor Dialogue (DAID) sessions in London and Washington DC in the first and second quarters of the year to educate both existing and potential investors in the Diaspora on the angel investment opportunity in Ghana.

Overview Of Internal Operations

The Trust Fund ensured there was a conducive and healthy environment for staff and adhered to Safety, Health and Environmental (SHE) standards and best practices. Capacity building programmes were undertaken for staff to improve their capacity for work delivery. The Trust Fund also initiated the design of the Analyst Programme as part of its industry development efforts. The Internal Audit unit carried out functional reviews of all departments during the year under review. In the field of Information, Communication and Technology (ICT) the department provided a robust ICT infrastructure for operations. The Northern Zonal Office continued with their collaborative efforts in building pipelines for investments under the soya value chain program.



Chief Executive Officer's Report

Industry Development Program:

Capacity Development:

In the last two quarters of 2015, VCTF in collaboration with the Global Impact Investment Network organized a training session in Environment, Social and Governance (ESG) and Impact Measurement. A total of seven staff members and some Fund Managers were trained. The objective of the training was to equip VCTF and its fund managers with the Knowledge in developing a well-structured ESG and Impact Measurement guidelines that will inform future reporting from Fund Managers.

Review of VCTF Act, 2004 (Act 680):

Venture Capital Trust Fund as part of its efforts to review Act 680, established a Technical Committee made up representatives of relevant stakeholders including Ministries of Finance and Trade, Attorney General and VCTF. The Ministry of Finance after receiving proposals from the Trust Fund, requested for an independent Impact Assessment report. The Final report by Consultants was presented to VCTF Trustees for approval, and same will be forwarded to the Ministry upon approval by the Board. The work is expected to continue in 2016.

VC Regulation

This program is on-going with draft guideline rules in place but yet to be discussed at a stakeholder level. This came as a result of the pending review of Securities and Industry Act by SEC and which is currently before Parliament. SEC in the review is seeking to regulate all alternative asset classes including venture capital and private equity in Ghana. Generally, VCTF is supportive of increased regulatory oversight of the private equity fund industry by the Securities and Exchange Commission. We believe that appropriate regulation of the sector could have positive effects on the industry.

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.

Key Challenges

Lack of Adequate Funding

As has been reported in the past years, the lack of permanent source of funding available to the Trust Fund continually affect its operations especially in honoring capital calls, establishing or committing to new funds and broadening the scope of the impact of the Trust Fund. The cumulative effect of the lack of funding in 2015 saw the inability of VCTF to enhance its image through the above mentioned as well as its role as a market leader due to the lack of funding.

Lack of Full Commitment from Other Investment Partners

Pursuant to the partnership approach adopted by the Trust Fund, all VCFCs were established in partnership with various investors both local and foreign. Such partners include local banks and insurance companies, who have since the inception of the Trust Fund invested in Bedrock, Gold, and Activity. The challenge particularly with the local banks remains the lack of full buy-in from the top hierarchy of the various institutions invested in the respective VCFCs. This lack of commitment manifests itself in the failure to honour further capital calls from the various funds.



Chief Executive Officer's Report

Non-Payment of Capital Calls

Another major challenge for the year was the non-payment of capital calls which has had a significant adverse effect on the reputation of the Trust Fund and the inadequate funding, which prevents the Trust Fund from establishing new funds or supporting certain capacity building initiatives.

Outlook For 2016

In the Year 2016, 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.

The Creation of new funds would be undertaken as most of the existing funds are getting to the end of their investment life cycle as well as the creation of second round of funds for the funds. The operational efficiency of the funds will be ensured as the Trust Fund looks for quality and competent Fund Managers to run the existing Funds.

Capacity Building of the industry players will capture the attention of the Trust Fund as we finalize the establishment of the Venture Capital Institute.

Institutional collaboration with development partners will be enhanced while our partnership with the educational institutions will be moved to a higher level of engagement, ensuring that their students are further educated about the private equity and venture capital industry.

We will liaise with the Ghana Stock Exchange (GSE) through the Ghana Alternative Exchange (GAX) to list some of our investee companies to attract additional capital for the expansion of their business as they exit from investments by our Fund Managers.

Conclusion

In conclusion, I wish to state that there are exciting and challenging moments ahead in 2016 as there had been in the year under review when I assumed the leadership of the Trust Fund and had to acclimatize quickly and move the Trust Fund in pursuance of its mandate. Having scaled through the year with the able support of the Board of Trustees, management and staff as well as our major stakeholder, the Ministry of Finance and Economic Planning (MOFEP), I am of the firm conviction that the year 2016 will see The Trust Fund making greater impact in the SME ecosystem in terms of provision of the needed capital to the businesses through equity financing whiles developing the Venture Capital Industry.

Let me express my gratitude on behalf of the Board of Trustees and Management to all our stakeholders for their continuous support to the Trust Fund.



Osman Sulemana
Chief Executive Officer



Report of the Trustees

The Trustees in submitting the audited statements of the Fund for the year ended 31st December 2015, report thereon as follows:

1. **Activities**

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

2. **Financial statements and dividend**

GHS

Total Income **12,017,187**

Increase in net assets attribution to fund investors **1,759,398**

3. **Nature of Business**

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

4. **Auditors**

In accordance with Section 134(5) of the Companies Code, 1963, the auditors, Messrs AADS CONSULT continue in office as auditors of the Fund.

5. **Conclusion**


We wish to express our appreciation to the management and entire staff for their hard work during the year 2015.

6. **Approval of the Financial Statements**

The financial statements of the Fund were approved by the Trustees on 22nd December, 2016 and are signed on its behalf by



Mr. Kwesi Amofo-Yeboah
Chairman



Mr. Osman Sulemana
Ag Chief Executive Officer



Statement of Trustees' Responsibilities

The Trustees are responsible for preparing financial statements which give a true and a fair view of the state of affairs of the Fund at the end of the financial year of the statement of Comprehensive Income of the Fund for that period. In preparing those financial statements, the Trustees are required to:

Select suitable accounting policies and then apply them consistently.

Make judgments and estimates that are reasonable and prudent.

State whether the applicable accounting standards have been followed.

Prepare the financial statement on the ongoing basis unless it is inappropriate to presume that the Fund will continue in business.

The Trustees are responsible for ensuring that the Fund keeps accounting records which disclose with reasonable accuracy the financial position of the Trust Fund and which enable them to ensure that the financial statements comply with the International Financial Reporting Standards.



We have audited the accompanying financial statements of Venture Capital Trust Fund as at 31st December, 2015, set out on pages 12 to 15, which have been prepared on the basis of the significant accounting policies on pages 16 to 20 and other explanatory notes on pages 21 to 35.

Trustees' responsibility for the financial statements

The Fund's Trustees are responsible for the preparation and fair presentation of these financial statement in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963(Act 179) and the Venture Capital Trust Fund Act, 2004 (Act 680).

This responsibility includes implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Venture Capital Trust Fund as at December 31, 2015 and of its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards and comply with the Ghana Companies Code, 1963 (Act 179), and the Venture Capital Trust Fund Act, 2004 (Act 680).



Report on other legal requirements

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

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of accounts have been kept by the Fund, so far as appears from our examination of those books; and
- iii. The statements of comprehensive income and financial position of the Fund are in agreement with the books of account.

AADS CONSULT

Chartered Accountants
Republic House (5th Floor)
Kwame Nkrumah Avenue
Accra

Firm's License No: ICAG/ F /2016/070

Date: 23/12/2016

Partner Signing: Stephen David Nii Amaah Armaah
Partner's Practicing License No: ICAG/P/1081



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2015

	NOTES	2015 GH¢	2014 GH¢
INCOME			
Income	2a	7,017,187	5,593,425
Grant from Ministry of Finance	2b	5,000,000	10,000,000
		12,017,187	15,593,425
LESS EXPENDITURE			
Staff Cost	3a	2,934,938	2,137,267
Trustees Emoluments	3b	235,195	234,172
Administrative Expenses	3c	2,879,294	3,452,988
Auditors Remuneration		19,800	13,280
Depreciation Charges	3d	238,981	233,931
Financial Cost	3e	7,322	21,835
		6,315,530	6,093,473
Net Operating Income		5,701,657	9,499,952
Impairment loss on loans	6a	(7,882,708)	(8,383,269)
Decrease in net assets attributable to Fund investors		(2,181,051)	1,116,683
Other Comprehensive Income			
Net changes in fair value of financial assets at fair value through profit or loss	3g	3,940,449	6,089,708
Total comprehensive income for the year		1,759,398	7,206,391




STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2015

Assets	NOTES	2015	2014
		GH¢	GH¢
Non - currents assets			
Property and Equipment	4	578,645	489,460
Financial assets at fair value through profit or loss	5	30,363,380	27,617,331
		30,942,025	28,106,791
Current Assets			
Loans	6	1,997,004	4,048,149
Receivables	7	7,633,318	6,926,628
Cash and cash equivalents	8	6,545,780	5,773,111
		16,176,102	16,747,888
Total assets		47,118,127	44,854,679
Liability			
Current Liabilities			
Payables	9	786,083	198,627
Bank Overdraft	10	75,399	158,805
		861,482	357,432
Net assets attributable to Fund investors		46,256,645	44,497,247
Total liabilities and net assets attributable to Fund investors		47,118,127	44,854,679

The financial statements were approved by the Trustees on 22nd December, 2016 and signed on its behalf by:



Mr. Kwesi Amofo –Yeboah
Chairman



Mr. Osman Sulemana
Ag Chief Executive Officer



STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO FUND INVESTORS AS AT 31ST DECEMBER, 2015

	2015	2014
	GH¢	GH¢
Net assets attributable to Fund Investors at 1st January	44,497,247	37,290,857
Increase in net assets attributable to Fund Investors	1,759,398	7,206,390
Net assets attributable to Fund Investors at 31st December	46,256,645	44,497,247



STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST DECEMBER, 2015

	2015 GH¢	2014 GH¢
Operating Activities		
Net assets attributable to Fund investors from operations	1,759,398	7,206,391
Other net changes in fair value of financial assets at fair		
Value through profit or loss	(3,940,449)	(6,089,708)
Impairment charges	7,882,708	8,383,269
Depreciation charge	238,981	233,932
	<u>(41,700)</u>	<u>(3,185)</u>
Profit on disposal of assets		
Operating cash flow before changes in working capital	<u>5,898,938</u>	<u>9,730,699</u>
Changes in working capital		
Increase in loans	(5,831,563)	(6,766,852)
Increase in receivables	(706,690)	(354,124)
Increase/(Decrease) in payables	617,456	(8,427)
Net changes in working capital	<u>(5,920,797)</u>	<u>(7,129,403)</u>
Net cash generated from operating activities	<u>(21,859)</u>	<u>2,601,296</u>
Investing activities		
Repayment of financial assets	1,194,400	-
Addition to financial assets	-	(2,332,905)
Additions to property and equipment	(328,166)	(350,595)
Proceeds from sale of fixed assets	41,700	3,185
Net cash flow from investing activities	<u>907,934</u>	<u>(2,680,315)</u>
Net increase in cash and cash equivalent	<u>886,075</u>	<u>(79,050)</u>
Cash and cash equivalents at 1 January	<u>5,614,306</u>	<u>5,693,356</u>
Cash and cash equivalents at 31 December	<u>6,500,381</u>	<u>5,614,306</u>



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 Finance 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 (GHS) which is 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 in 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 and the future periods.

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.

3.5 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 20 to government loans respectively, 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

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 (e.g. collateral arrangements). 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 first phase of IFRS 9 in conjunction with the other phases, when issued to present a comprehensive picture.

IFRS 11- Joint Arrangement

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

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, it is transparent to users of the financial statements to make their own assessment of the financial impact were the company will 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 disclosure requirements. Adoption of the standard is not expected to have a material impact on the financial position or performance of the Company.



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

The amendments to IAS 1 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 Company's financial position or 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 company 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 Company 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 set off 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. 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 mining 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 company.

Annual Improvements-May 2012

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



IFRs 1 First-time Adoption of International Financial Reporting Standards

This improves 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 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 1st January 2013.

3 Significant Accounting Policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies 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 in to the functional currency using the exchange rates prevailing at the dates of 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 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.

An impairment loss in respect of a financial asset measures is calculated as the difference between its carrying amount, and the present value of the estimated 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.

(i) 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.

3.3 Taxation

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

3.4 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 in to 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 to 'fund investors' 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 relies 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, 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 six months are not discounted are their carrying values approximate their fair value.

5. Critical Accounting Estimates and Judgments

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



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 purpose 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 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
	GHS	GHS	GHS
Financial Assets designated at fair value through profit and loss	-	-	30,363,380

5.3 Functional Currency

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

Property and 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 amount of an asset exceeds 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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015

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

Motor Vehicle	25%
Furniture & Fittings	10%
Office Equipment	33.33%
IT Equipment	33.33%

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



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2015**

Note 2a: Income	2015 GH¢	2014 GH¢
Investment Income	5,052,863	3,759,863
Interest Income: ADB	15,826	424
Interest Income: Fidelity	142,532	136,598
Interest Income: NIB	667	-
Interest Income Universal Merchant Bank	10,315	-
Interest Income: Gold Coast Securities	71,910	693,055
Interest Income: Kron	544,676	228,767
Interest Income: Wealth Vision Financial Ltd	688,831	511,192
Interest Income: All Time Capital Ltd	133,130	245,000
Interest Income: Beige Capital	242,738	
Exchange gain	-	12,241
Profit from sale of assets	41,700	3,185
Others	72,000	3,100
	7,017,187	5,593,425

	2015 GH¢	2014 GH¢
Note 2b: Grant From Ministry Of Finance	5,000,000	10,000,000

Note 3a: Staff Cost	2015 GH¢	2014 GH¢
Salaries and wages	1,815,602	1,325,411
Travelling And Transport Allowance	150,372	130,181
Communication Allowance	1,470	1,300
Acting Allowance	-	4,330
Uniforms Allowance	2,914	-
SSF 13%	217,107	199,138
Provident Fund	104,253	99,790
Medicals	24,959	8,261
Training	54,910	135,434
Gratuity	396,846	-
Bonus	166,504	233,422
	2,934,938	2,137,267



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2015**

Note 3b: Trustees Emoluments	2015	2014
	GH¢	GH¢
Fees	47,151	64,140
Sitting allowance	184,012	163,615
Others	4,032	6,417
	235,195	234,172

Note 3c: Administrative expenses	2015	2014
	GH¢	GH¢
Electricity and water	81,886	61,391
Water, meals and drinks	199,705	137,068
Cleaning and sanitation	12,330	9,357
Printing and stationery	61,238	68,305
Entertainment	6,828	9,550
Advertisement ,publicity and public relations	41,605	5,494
Telephone and postage	27,671	71,629
Travelling and transport	337,308	468,842
Security services	37,579	41,362
Legal and consultancy	289,008	323,859
Public awareness brochures	2,680	-
Rent	339,325	305,345
Internet services	19,697	8,111
Office supplies	3,086	1,927
Insurance	82,744	68,490
Fuel and lubricant	48,125	41,073
Miscellaneous expenses	8,368	18,580
Vehicle running expense	5,555	3,569
Seminars, workshops and conferences	108,091	259,258
News papers	310	228
Per diem and accommodation	886,122	1,172,986
Publicity, promotion and donation	81,863	232,259
Repairs and maintenance- CEO's Bungalow	47,128	-
Repairs and maintenance	151,042	144,306
	2,879,294	3,452,988



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2015**

Note 3d: Depreciation Charges	2015	2014
	GH¢	GH¢
Motor vehicles	174,259	154,351
Furniture and fittings	10,424	11,978
IT Equipment	36,680	44,126
Office Equipment	17,618	23,477
	238,981	233,931

Note 3e: Financial charges	2015	2014
	GH¢	GH¢
Bank Charges	7,322	21,835
	7,322	21,835

Note 3f: Unrealized Gain/Impaired Loss	2015	2014
	GH¢	GH¢
Other changes in fair value on financial assets at fair value through profit or loss		
Unrealized gain on investments - Activity Venture Fin Co Ltd	1,065,064	-
Unrealized gain on investments - Fidelity Equity Fund 11	236,615	3,114,416
Impaired loss on investments - Gold Ventures Capital Ltd	(303,970)	(1,292,776)
Unrealized gain on investments - Bedrock VCF Ltd	1,830,343	-
Unrealized gain on investments -Ebankese	1,112,397	4,268,068
	3,940,449	6,089,708



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2015**

Notes 4a	Motor Vehicles	Office Furniture & Fittings	IT Equipment and computers	Office Equipment	Capital work in progress	Totals
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Property and Equipment Cost						
Balance at 1st Jan. 2015	617,403	119,776	231,555	95,775	134,346	1,198,855
Additions	306,116	3,032	17,918	600	500	328,166
Disposal	99,591	-	-	-	-	99,591
Balance at 31st Dec. 2015	823,928	122,808	249,473	96,375	134,846	1,427,430
Accumulated Dep.						
Balance at 1st Jan. 2015	420,516	35,721	182,938	70,220	-	709,395
Charge for the year	174,259	10,424	36,680	17,618	-	238,981
Release on disposal	99,591	-	-	-	-	99,591
Balance at 31st Dec. 2015	495,184	46,145	219,618	87,838	-	848,785
Net Book Value						
At 31st December, 2015	328,744	76,663	29,855	8,537	134,846	578,645
At 31st December, 2014	196,887	84,055	48,617	25,555	134,346	489,460
Disposals						
Cost	99,591	-	-	-	-	99,591
Provision for depreciation	99,591	-	-	-	-	99,591
Net book value	-	-	-	-	-	-
Proceeds from disposal	41,700	-	-	-	-	41,700
Profit from disposal	41,700	-	-	-	-	41,700



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2015**

Note 5a	Balance at 1/1/2015 GH¢	Additions GH¢	Unrealised Gain GH¢	Impaired loss GH¢	Repayment of principal GH¢	Balance at 31/12/2015 GH¢
Financial assets at fair value						
Activity Finance	1,318,296	-	1,065,064	-	-	2,383,360
Fidelity Venture Fund	7,718,905	-	236,615	-	-	7,955,520
Gold Venture Capital	3,692,470	-	-	303,970	1,194,400	2,194,100
Bedrock Venture Cap. Fund	3,165,057	-	1,830,343	-	-	4,995,400
Ebankese Venture Fund	11,722,603	-	1,112,397	-	-	12,835,000
	<u>27,617,331</u>	<u>-</u>	<u>4,244,419</u>	<u>303,970</u>	<u>1,194,400</u>	<u>30,363,380</u>

Note 5b	Balance at 1/1/2014 GH¢	Additions GH¢	Unrealised Gain GH¢	Impaired loss GH¢	Repayment of principal GH¢	Balance at 31/12/2014 GH¢
Financial assets at fair value						
Activity Finance	1,318,296	-	-	-	-	1,318,296
Fidelity Venture Fund	4,440,384	164,105	3,114,416	-	-	7,718,905
Gold Venture Capital	4,985,246	-	-	1,292,776	-	3,692,470
Bedrock Venture Cap. Fund	2,023,257	1,141,800	-	-	-	3,165,057
Ebankese Venture Fund	6,427,535	1,027,000	4,268,068	-	-	11,722,603
	<u>19,194,718</u>	<u>2,332,905</u>	<u>7,382,484</u>	<u>1,292,776</u>	<u>-</u>	<u>27,617,331</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015

Financial risk management

Financial risk management objective

The objective of the Fund is to achieve medium to long-term capital growth through investing in a selection of unlisted private companies. The Fund's activities expose it to a variety of financial risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

Market risk

Price risk

The Fund's investments are susceptible to market price arising from uncertainties about future values of the instruments. The Fund Managers provide the Trust with investment recommendations. The Fund Manager's recommendations are reviewed by the Fund's Investment Committee before the investment decisions are implemented. To manage the market price risk, the Fund Manager reviews the performance of the portfolio companies on an ongoing basis and is regularly in contact with the management of the portfolio companies for business and operational matters.

The performance of investment held by the Fund is therefore monitored by the Fund Manager in an ongoing basis.

At 31st December, the fair value of equity securities exposed to price risk were as follows:

	2015 GH¢	2014 GH¢
Financial asset designated at fair value through profit or loss:		
Equity securities not traded in an active market designated at fair value through profit or loss	30,363,380	27,617,331
Loans subject to interest risk:	1,997,004	4,048,149
Total	<u>32,360,384</u>	<u>31,665,480</u>

Foreign exchange risk

The Fund hold assets denominated in currencies other than the functional currency (Ghana Cedi). It is therefore exposed to currency risk, as the value of the financial instrument denominated in other currencies will fluctuate due to the changes in exchange rate.

The Fund Manager is responsible for managing the Fund's currency position.

Foreign currency risk, as defined in IFRS 7, arises as the value of recognized monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of markets price risk not foreign currency risk. However, the Fund Manager monitors the exposure on all foreign- currency- denominated assets and liabilities.

The table below has therefore been analyzed between monetary and non- monetary items to meet the requirements of IFRS 7

Amount presented in equivalent amounts of GH¢ with the original currency as US\$

	2015 GH¢	2014 GH¢
As at 31 December		
Assets		
Cash at bank	-	-
Other assets- including interest receivable		
Liabilities		
Other liabilities	-	-
Net currency exposure	<u>-</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015

Interest rate risk

The Fund is subject to cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates. The table below summarizes the funds exposure to interest rate risks.

As at 31 December 2015	Up to 1 month GH¢	1 to 12 months GH¢	More than 1 year GH¢	Non-interest Bearing GH¢	Total GH¢
Assets					
Loans		1,997,004			1,997,004
Receivables		7,633,318			7,633,318
Cash and cash equivalents		6,545,780			6,545,780
Total Assets		16,176,102			16,176,102
Liabilities					
Payables				786,083	786,083
				786,083	786,083
Total Liabilities					
As at 31 December 2014					
Assets					
Loans		4,048,149			4,048,149
Receivables		6,926,628			6,926,628
Cash and cash equivalents		5,614,306			5,614,306
Total Assets		16,589,083			16,589,083
Liabilities					
Payables				198,627	198,627
Total liabilities				198,627	198,627

The Fund has direct exposure to interest rate changes on the cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Fund invest and the impact on the valuation that uses interest rates as an input in the valuation mode. Therefore, the above sensitivity analysis may not indicate the total effect on the Fund's net assets attributable to the investors of future movement in interest rates.

Credit risk

The Fund takes on exposure to credit risk, which is the risk that one party will cause a financial loss for the other party by failing to discharge an obligation. The Fund is exposed to the risk of non-payment of debt instrument or the interest due to loans given to portfolio companies, The Fund assesses all counterparties, including its customers, for credit risk before contracting with them. The maximum exposure to credit risk before any credit enhancement at 31st December, is the carrying amount of the financial assets set out below,

The Fund's maximum exposure to credit risk is detailed in the table below

	2015 GH¢	2014 GH¢
Loans receivable	1,997,004	4,048,149



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015

The Fund provides loans to private companies. No collateral is received from the underlying companies. The credit quality of these investments is based on the financial performance of the individual portfolio company. For those assets that are not past due, it is believed that the risk of default is small and the capital repayments and interest payment will be made in accordance with the agreed terms and conditions. No terms or conditions are renegotiated.

Impairment losses

The aging on loan debtors at the reporting date is:	Gross 2015 GH¢	Impairments 2015 GH¢	Gross 2014 GH¢	impairment 2014 GH¢
Not past due		-	-	-
Past due 1-30 days		-	-	-
Past due 31-60 days			-	-
Past due 61-90 days			-	-
Over 90 days	30,383,599	28,386,595	24,552,036	20,503,887
TOTALS	30,383,599	28,386,595	24,552,036	20,503,887

Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	On demand GH¢	Less than 1 year GH¢	Between 1 & 2 years GH¢	More than 2 years GH¢	Total GH¢
As at December 2014					
Liabilities					
Payables	-	786,083.00	-	-	786,083
Total liabilities	-	786,083.00	-	-	786,083



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015

Capital risk management

The capital of the Fund is represented by the assets attributable to the investors. The Fund's objective when managing the capital is to safeguard the ability to continue as a going concern in order to provide returns for investors and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the fund.

Financial Instruments by category

Assets per statements of Financial Position	Receivables GH¢	Assets designated at fair value through profit or loss GH¢	Total GH¢
As at 31st December, 2015			
Financial assets at fair value through profit and loss		30,989,143	30,989,143
Loans	1,997,008		1,997,008
Receivables	7,633,318		7,633,318
Cash at bank	6,470,381		6,470,381
Total	16,100,707	30,989,143	47,089,850
As at 31st December, 2014			
Financial assets at fair value through profit and loss		27,617,331	27,617,331
Loans	4,048,149		4,048,149
Receivables	6,926,628		6,926,628
Cash at bank	5,614,306		5,614,306
Total	16,589,083	27,617,331	44,206,414
Liabilities as per statements of financial position as at 31st December, 2015			
	Other financial Liabilities	Liabilities at fair value through profit or loss	Total
Payables	786,083	-	786,083
Total liabilities	786,083	-	786,083
Liabilities as per statements of financial position as at 31st December, 2014			
	Other financial Liabilities	Liabilities at fair value through profit or loss	Total
Payables	198,627	-	198,627
Total liabilities	198,627	-	198,627



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2015**

Note 6: Loans	2015 GH¢	2014 GH¢
Investment Loans	1,401,200	1,401,200
Development Assistance Fund	6,118,788	5,152,363
Special Purpose Vehicle Loan	22,863,611	17,998,473
Gross	30,383,599	24,552,036
Less impaired loss	28,386,595	20,503,887
	1,997,004	4,048,149
Note 6a: Impaired Loss	2015 GH¢	2014 GH¢
Balance brought forward	20,503,887	12,120,618
Movement during the year	7,882,708	8,383,269
Balance carried forward	28,386,595	20,503,887
Note 7: Receivables	2015 GH¢	2014 GH¢
Activity Venture Finance Co	1,794	1,794
Deposit for land paid to Nana Kwame Edusei	373,540	373,540
Deposit for land paid to Dr Prince J Blankson	1,206,774	1,206,774
Deposit for land paid to SIC FSL	4,306,350	4,306,350
Staff Debtors	58,406	33,972
Prepayment	83,411	58,531
Accrued Interest : merchant bank	2,495	
Accrued Interest : Gold Coast Securities	58,795	-
Accrued Interest : Kron Capital Ltd	773,444	228,767
Accrued Interest : All Time Capital	60,000	245,000
Accrued Interest : Wealth	516,106	152,178
Accrued Interest : Beige Capital	106,848	
Accountable Imprest	85,355	319,722
	7,633,318	6,926,628



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015

Note 8: Cash and cash equivalents

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

	2015	2014
	GH¢	GH¢
Fixed Deposit SIC- FSL	326	326
Fixed Deposit: Gold Coast Securities	500,000	-
Fixed Deposit Kron Capital	900,000	1,000,000
Fixed Deposit Wealth Vision Financial Ltd	2,900,000	3,500,000
Fixed Deposit All Time Capital	400,000	1,000,000
Fixed Deposit Beige capital	1,400,000	-
NATIONAL INVESTMENT BANK: 1000100902901	14,982	14,590
ADB : 1161010010335101	588	112,699
ADB :1161810010335101	3,819	3,680
ADB :1161000004595	647	13,366
GCB Bank Limited :11210000735	1,441	1,441
ECOBANK 69101	17,665	17,665
FIDELITY BANK:195000349614	15,695	7,138
FIDELITY BANK CALL:108000349643	272,338	48,264
FIDELITY BANK ON SHORE: 1951000349614	16,107	13,339
UNIVERSAL MERCHANT BANK:00653/03	40,634	32,814
ACCESS:0010100016881	96	96
SAHEL SAHARA:220002000	3,765	3,765
GCB CURRENT: 1011130030545	93	93
ZENITH BANK	50,000	-
Cash On Hand	7,584	3,836
	6,545,780	5,773,111



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2015**

NOTE 9 : Payables	2015 GH¢	2014 GH¢
Ministry of Food and Agriculture	-	72,000
Withholding Tax	11,529	-
Audit Fees	27,464	14,000
Net Salary	232,526	47,570
Income Tax	30,716	-
Social Security Contribution	13,800	-
Board of trustees - Fees	4,030	403
Board of trustees - Sitting	2,592	2,592
Security	1,522	65
Consultancy	16,200	1,980
Printing and stationery	4,784	1,826
Adverts, Publicity and Promotion	-	726
End of service benefits	129,597	-
Water Meals and Drinks	-	315
Bonus	614	5,447
Telephone	3,393	11,160
Maintenance and repairs	82,418	1,800
Rent	215,879	12,765
Electricity	9,020	8,916
Local trips	-	4,381
International Travels	-	12,682
	786,083	198,627
Note10: Overdraft	2015 GH¢	2014 GH¢
Fidelity Bank:1050000349619	73,288	156,694
GCB Offshore:101161001002	2,111	2,111
	75,399	158,805



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015

Note 11: Post Balance Sheet Events

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

Note 12: Related Parties

Parties are considered to be related, if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.


The Trust Fund has provided loans to the companies below and a former Trustee of the Trust Fund is also a Director in both companies. The transactions were carried out in the normal course of the Fund's business. Their balances as at the end of 31st December 2015 were as follows.

	2015	2014
	GHC	GHC
Belorm Farms and Transport Company Ltd	244,743	204,176
DMG Labs Company Ltd	191,185	160,588

Note 13: Going Concern Considerations

These financial statements have been prepared on a going concern basis, which assumes that the Fund will continue to operate for its life of ten (10) years after which it will be liquidated.





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