

**ALGEBRA  
INCOME  
TRUST**

---

# **ANNUAL REPORT**

5th Floor, Nester Square  
North Liberation Link, Airport City  
Contact Us On : 0302 778 552 / 030 778 553  
[info@algebracapital.com.gh](mailto:info@algebracapital.com.gh) / [www.algebracapital.com.gh](http://www.algebracapital.com.gh)

## DID YOU KNOW ?

Did you know.....

You can start your **AIT** investment journey with as little as **GHC 100**.

Register for the

**Algebra Income Trust (AIT)**

For more information call us on **0302778553**

or visit **[www.algebracapital.com.gh](http://www.algebracapital.com.gh)**

Investment made easy with

**The Algebra Income Trust**



Algebra  
Capital  
Management  
Limited



[www.algebracapital.com.gh](http://www.algebracapital.com.gh)

**030 277 8553**

# Table of Contents

<b>03</b>	CORPORATE INFORMATION
<b>04</b>	NOTICE OF ANNUAL GENERAL MEETING
<b>07</b>	FUND MANAGER'S STATEMENT & REPORT
<b>10</b>	REPORT OF THE DIRECTORS
<b>14</b>	REPORT OF THE TRUSTEES
<b>15</b>	INDEPENDENT AUDITORS REPORT
<b>19</b>	STATEMENT OF ASSETS & LIABILITIES
<b>20</b>	STATEMENT OF FINANCIAL POSITION
<b>21</b>	STATEMENT OF COMPREHENSIVE INCOME
<b>22</b>	STATEMENT OF CHANGES IN EQUITY
<b>23</b>	STATEMENTS OF MOVEMENT IN NET ASSETS / CASHFLOWS
<b>25</b>	NOTES TO THE FINANCIAL STATEMENTS
<b>41</b>	PROXY FORM

# Corporate Information

## **BOARD OF DIRECTORS**

Isaac Osei (Chairman)  
Roselyn Adwoa Dennis (Managing Director)  
Kofi Osafo Sampong  
Stephan Antoh  
Felicia Payin Marfo

## **AUDITORS**

John Kay & Co.  
7th Floor, Trust Towers  
Farrar Avenue, Adabraka  
P.O. Box KIA 16088, Airport, Accra

## **THE TRUSTEE**

Guaranty Trust Bank (Ghana) Limited  
25A, Castle Road  
Ambassadorial Area, Ridge  
P.O. Box PMB CT 416  
Cantonments, Accra

## **THE FUND MANAGER**

Algebra Capital Management Limited  
5th Floor, Nester Square  
North Liberation Link, Airport City  
P.O. Box GP 18469  
Accra- Ghana

## **SOLICITORS**

Afriyie Dwamena & Associates  
Hse No F146/2 Lokko Road,  
2nd Floor Christian Council Building Osu  
P.O. Box CT6494 Cantonments, Accra.  
stephan@adwamena.com  
+233 264385880

## **BANKERS**

Guaranty Trust Bank (Ghana) Limited  
25A, Castle Road  
Ambassadorial Area, Ridge  
P.O. Box PMB CT 416  
Cantonments, Accra

Consolidated Bank Ghana  
P.O. Box PMB CT 363  
Cantonments, Accra

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2nd Annual General Meeting of unit holders of Algebra Income Trust (AIT) will be held virtually via Zoom on Thursday September 28th, 2023 at 10:00 a.m. to transact the following:

1. To receive the Directors' Report together with the Trustee's and Auditor's Reports for the year ended 31st December 2022
2. To receive the Report of the Fund Manager for the Year ended 31st December, 2022
3. To receive and adopt the Financial Statements for the year ended 31st December 2022
4. To authorize the Directors to fix the remuneration of the Auditors

## Special Business

1. To amend the Particulars of the Trust by the inclusion of the use of Fair Value through other comprehensive Income (Marked-To-Market) Valuation Method in the Valuation of Clients' Investment Assets/ Securities and Portfolios
2. To request for an approval to rebalance the asset allocation limits of the Algebra Income Trust in the Scheme Particulars

## Note

A Unit Holder is entitled to attend and vote or may appoint a proxy to attend (via online participation) and vote on his or her behalf either online or by post. Such proxy need not be a Unit Holder. For a proxy form to be valid for the purposes of the meeting, it must be completed and submitted via [info@algebracapital.com.gh](mailto:info@algebracapital.com.gh) or deposited at the 5th Floor, Nester Square, Liberation Link, Airport City.

Electronic version of the Unit Trust's Annual Report consisting the Financial Statement, Directors', Fund Manager, Trustee and Auditor's Reports for the year ended 31st December 2022 may be accessed via our website at <https://algebracapital.com.gh/algebra-income-trust/>

Unit Holders are also encouraged to send in any questions in advance of the AGM by mailing them to [info@algebracapital.com.gh](mailto:info@algebracapital.com.gh). Answers to the questions will be provided at the AGM.

Dated this 25th day of August, 2023  
BY ORDER OF THE FUND MANAGER



Afriyie Dwamena & Associates  
Secretary

# PROCEDURE FOR PARTICIPATION

## Registration for the AGM

The registration link shall be forwarded to the email addresses and contact numbers of Unit Holders to enable those who wish to participate in the AGM to register accordingly. Unit Holders shall be required to provide relevant information to complete the registration process. After registering, Unit Holders will receive a confirmation email containing information about joining the AGM.

## Participate in the AGM

Ensure you have downloaded the Zoom Application unto your device.

1. Raise your hand to either second a motion or ask a question.

### On PC

- Click “Participants”.
- Click “Raise Hand” at the bottom of the participants’ dialogue box.

### On Mobile

- Tap the three dots labelled “More” on the far right of the control bar.
- Tap “Raise Hand” to raise hand.

2. Type your question.

### On PC

- Click “Q&A” at the bottom of the participants’ dialogue box.
- Type your question and submit.

### On Mobile

- Tap the three dots labelled “More” on the far right of the control bar.
- Click “Q&A” to type your question.

3. Use the polling feature to vote for or against a motion.

### On PC or Mobile

When it is time to vote, the poll will appear on your screen.

Tap/Click your preferred option (FOR or AGAINST) to cast your vote.

When voting ends, the results will be shared on your screen.

For more information on participating in the meeting, kindly visit our website at <https://www.algebracapital.com.gh>.

## PROXY

A Unit Holder who is entitled to attend and vote may appoint a proxy to attend and vote on his/her behalf. A proxy need not be a unit holder. A completed proxy form should be deposited at the registered office of the Fund Manager at 5th Floor, Nester Square, Liberation Link, Airport City or via email to [info@algebracapital.com.gh](mailto:info@algebracapital.com.gh) not later than 48 hours before the appointed time of the meeting. A proxy form is provided in the Annual Reports of the Fund and is also available on the Fund Manager's website, <https://www.algebracapital.com.gh>.

All relevant documents in connection with the meeting are available to unit holders from the date of this Notice on <https://www.algebracapital.com.gh> and at the Company's registered office aforesaid.

# FUND MANAGER'S REPORT

## The Ghanaian Economy

According to the Ghana Statistical Service (GSS), the Ghanaian economy expanded by 3.1% in 2022, lower than government's target of 3.7% for 2022, on the back of the poor Industry sector performance of 0.9%. The Services sector however recorded the highest Gross Domestic Product (GDP) growth rate of 5.5%, followed by the Agriculture sector of 4.2% for 2022.

Headline inflation in Ghana remained elevated in 2022 due to strong underlying food price and currency pressures. Data from GSS revealed that Ghana's inflation shot up to end 2022 at 54.1%, relative to 12.6% that was recorded at the end of 2021. This was due to steep increases in food, transport and housing costs. While Food inflation surged by 46.9% to 59.7% in December 2022, relative to December 2021, Non-Food Inflation went up to 37.4% in December 2022, from 12.50% in December 2021. The strong inflationary pressures in 2022 prompted a hawkish monetary policy stance. The Monetary Policy Committee (MPC) of the Bank of Ghana (BoG) hiked the policy rate five (5) times in 2022, a cumulative surge of 1,250bps to 27.0% at the end of December 2022, from 14.5% at the end of December 2021.

In 2022, the Ghana cedi came under severe pressure, losing over 50% in value at a point in time before a resurgence in December, following a Staff-Level Agreement reached between the International Monetary Fund and the Government of Ghana. This reduced its year-to-date losses significantly. Data from BoG revealed that on the interbank market, the Ghana Cedi depreciated against the U.S. Dollar, British Pound and Euro by 30.0%, 21.2% and 25.3%, respectively, at the end of December 2022. This compared to a marginal depreciation of 4.1% and 3.1% against the U.S. Dollar and British Pound respectively, and an appreciation rate of 3.5% against the Euro, during the same period in 2021.

Developments in interest rates showed upward movements across the yield curve, primarily due to higher inflation and tight monetary policy stance. The 91-Day, 182-day and 364-day Treasury bill rates surged to 35.5%, 36.2% and 36.1%, respectively, at the end of December 2022, from 12.5%, 13.2% and 16.5% recorded in December 2021. From January to December 2022, a cumulative volume of GHS 230.68bn representing an increase of 10.6% traded on GFIM, compared to GHS 208.57bn that traded over the same comparative period in 2021.

The equity market closed the year with a loss of 12.38%, compared to a positive return of 43.66% at the end of 2021. The year-to-date loss was attributed to portfolio reversals and a shift to alternative assets to hedge against exchange rate depreciation. The volume of shares traded last year on the bourse however increased to 1.34bn valued at GHS 1.64bn from 486.59mn at GHS 533.27mn recorded at the end of 2021.

## Fund Performance

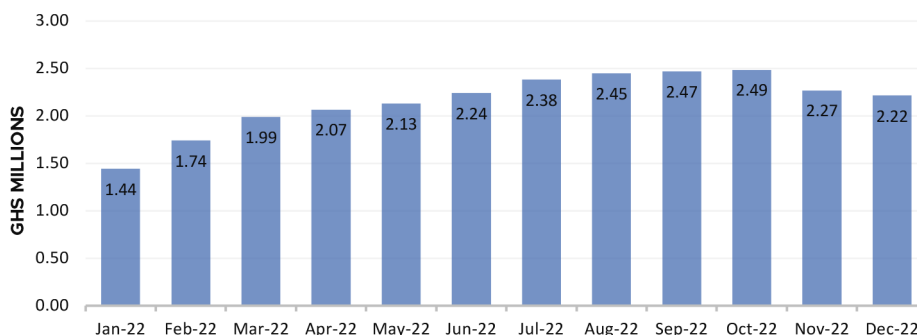
For the financial year under review, Algebra Income Trust (AIT) recorded a positive return of 13.24%, with its unit price rising from GHS 1.08 at the end of December 2021 to GHS 1.22. The relatively lower yearly change was primarily due to the change in the valuation method, a directive by the Securities and Exchange Commission (SEC), Ghana, in October 2022, directing all Collective Investment Schemes (Unit Trusts and Mutual Funds), to use the Fair Value Through Other Comprehensive Income Valuation Method (Marked-To-Market).



According to SEC, the directive was on the back of the high interest rate regime (low prices) on the market that was adversely affecting liquidity on the secondary bonds market. The last quarter of 2022 saw massive clients' redemption requests, which necessitated most Fund Managers to sell their investment securities (which were ordinarily designed as held to maturity) on the secondary market at depressed prices to cater for the redemption requests.

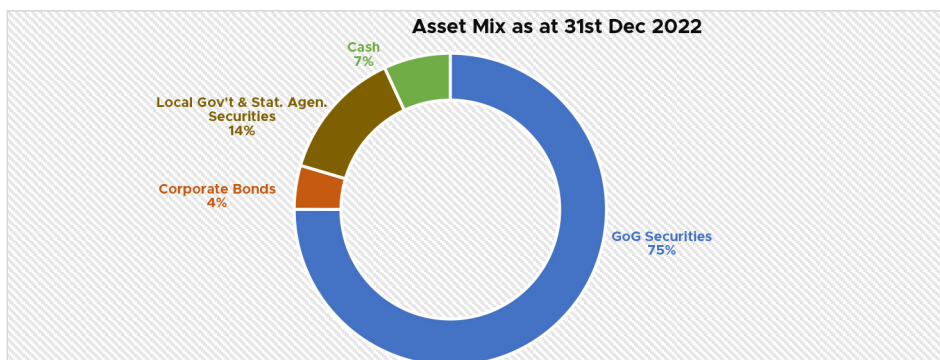
AIT's objective remains in place, which is to achieve income growth and preservation of capital, through a portfolio of fixed income instruments. Since inception, based on its Assets under Management (AUM), AIT has recorded a significant growth rate of 290.47% to close the year under review at GHS 2,215,241.00. This has been made possible by the consistent contributions by both existing and new clients, coupled with the Fund Manager's prudent investment decisions.

### AUM Growth (GHS mn)



### Portfolio Structure

Diversification of investments across fixed-income securities and money market instruments is a strategy used to reduce investment risks. For the year under review, the Fund Manager allocated the AUM to Government of Ghana securities (Bills, Notes and Bonds), Corporate Bonds and Local Government and Statutory Agencies Securities. In order to lessen interest rate sensitivity on the Fund, the Fund Manager continued to purchase shorter dated securities, while we put a hold on the purchase of GoG Bonds.



## Market Outlook and Strategy

Looking ahead, the Ghanaian economy is expected to slow down further in 2023. The World Bank has maintained its 1.6% GDP growth forecast for Ghana in 2023, far lower than the expected 3.5% for Sub-Saharan Africa.

According to the Economist Intelligence Unit (EIU), Ghana's inflation is projected to remain elevated at 38.1% on average in 2023, driven by the pass-through effects of newly introduced taxes and increased utility tariffs. The new taxes introduced as part of the International Monetary Fund (IMF) programme will exert downward pressure on purchasing power. While the uncertainties in 2022 still linger in 2023, market expectations suggest that yields on Treasury bills will continue to fluctuate in the near-term, with potential for further increases, while investors continue to earn negative real return on Treasury-bills, until inflation returns to a single-digit figure.

The implementation of the Domestic Debt Exchange Programme (DDEP) has affected portfolio return, liquidity and duration. On the back of the adverse impact of the DDEP on the Fund, coupled with other lingering market uncertainties, the Fund Manager will continue to invest into shorter-dated and attractive securities, using clients' deposits, coupons and matured funds. This will help dilute the impact of the DDEP on the Fund, while we continue to diversify the portfolio, amidst the limited investment options on the domestic market. As your Fund Manager, we remain committed to creating sustainable value for you.

Thank you for investing with Algebra Income Trust. We look forward to the years ahead with confidence.

# REPORT OF THE DIRECTORS

The Board of Directors of Algebra Capital Limited (the Fund Manager) presents the report and audited financial statements of Algebra Income Trust (the Trust) for the year ended 31 December 2022.

## FINANCIAL STATEMENTS

The results for the year are set out in the attached financial statements. The Board of Directors of the Fund Manager considers the state of the affairs of the Trust to be satisfactory.

## NATURE OF BUSINESS

The Algebra Income Trust is a unit trust registered and domiciled in Ghana. It is licensed by the Securities and Exchange Commission of Ghana to operate as an authorized Unit Trust.

The objective of the Algebra Income Trust is to achieve income growth and preservation of capital. This will be attained through a portfolio of fixed income instruments that will be targeted at generating a return above the average fixed income benchmark.

## DIVIDEND DISTRIBUTION POLICY

The Trust does not distribute dividends. All income earned is reinvested. Unit holders should be aware that the Trust aims to achieve capital growth and as such income is reinvested to take advantage of the effects of compounding.

## i. INVESTMENT DISTRIBUTION:

Total Investment for the year ended 31 December 2022 is made up as follows:

	2022	2021
ASSETS	GHS	GHS
Government of Ghana Securities	1,661,992	835,914
Fixed Deposits	-	224,357
Corporate Bonds	100,393	100,337
Local Gov't and Statutory Agencies Securities	299,766	103,248
Cash and cash equivalents	153,090	115,964
	<b>2,215,241</b>	<b>1,379,820</b>

i. BELOW ARE THE ASSET ALLOCATION PERCENTAGES FOR THE PERIOD ENDED:

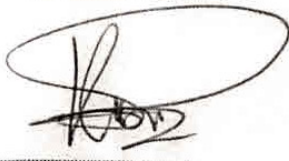
	2022	2021
	(%)	(%)
Government of Ghana Securities	75	62
Fixed Deposits	-	16
Corporate Bonds	5	7
Local Gov't and Statutory Agencies Securities	13	7
Cash and cash equivalents	7	8
	<b>100</b>	<b>100</b>

## APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the company were approved by the Board of Directors of the Fund Manager on 28th April, 2023 and signed on its behalf by:

Kofi Osafo Ampomah

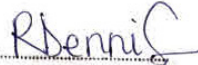
Director (Name)



Signature

Roselyn Adwoa Dennis

Director (Name)



Signature

# REPORT OF THE TRUSTEES

Guaranty Trust Bank (Ghana) Ltd.  
CS406022014

25A, Castle Road,  
Ambassadorial Area, Ridge,  
PMB CT 416, Cantonments,  
Accra, Ghana.  
Tel: (+233 302) 611 560, 680 662, 680 746, 676 474  
(+233 302) 923 914, 966 755, 611 560

Head Office Fax: (+233 302) 662 727/664 533  
Toll Free: 0800124000



## REPORT OF THE TRUSTEES TO THE INVESTORS OF ALGEBRA INCOME TRUST

In our independent opinion as Trustee, the Manager has, in all material respects, managed the Fund during the period, in accordance with the Unit Trust and Mutual Funds Regulations, 2001, (L.I 1695) and the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For the year ended 31<sup>st</sup> December 2022, we have held the assets for the Algebra Income Trust, including securities and income that accrue thereof, to the order of the Fund and facilitated the transfer, exchange or delivery in accordance with the instructions received from the Fund manager.

Yours faithfully,  
For: Guaranty Trust Bank (Ghana) Limited

  
Authorized Signatory

  
Authorized Signatory

# INDEPENDENT AUDITOR'S REPORT

## Opinion

We have audited the accompanying financial statements of Algebra Income Trust, which comprise the statement of financial position for the year ended 31 December 2022, the statement of comprehensive income, the statement of Changes in Equity for the period then ended, Cashflow statements and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 14 to 26.

In our opinion, the financial statements give a true and fair view of the financial position of Algebra Income Trust for the year ended December 31, 2022, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS), Security Industry Act 2016, Unit Trust and Mutual Fund Regulations, 2001, (L.I. 1695) and in the manner required by the Companies Act, 2019 (Act 992).

## Basis for Opinion

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

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

## Responsibilities of the Fund Manager for the Financial Statements

The Fund Manager is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS), Unit Trust and Mutual Fund Regulations, 2001, (L.I. 1695) and in the manner required by the Companies Act, 2019 (Act 992) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Fund Manager is also responsible for overseeing the Trust's financial reporting process. In preparing the financial statements, the Fund Manager is responsible for assessing the Trust'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 management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

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

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We communicate with those charged with governance 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.

## Key Audit Matter

In accordance with ISAs, this part of our report is intended to describe the matters communicated with those charged with governance that we have determined, in our professional judgement, was most significant in the audit of the financial statements.

## Income Recognition

The Trust generates income largely from the investment of the assets of the Trust made up of members' contributions as well as the undistributed portion of the assets of the Trust. Some of these investments straddle the end of the accounting year under review and hence a key consideration for the appropriate recognition of the income of the Trust is the cut-off date. The income of the Trust for the year should be recognized only if they accrue or are derived during the period up to and including the period end date, being 31 December 2022. Income that accrues beyond this date should be recognized in the following accounting year. To ensure that in recognizing income, the cut-off date has been taken into consideration, the audit team performed the following procedures:

1. Reviewed the design and implementation of the Trust's income recognition procedure to determine the adequacy of controls over the Trust's investment valuation procedures and income recognition at the period;
2. Obtained evidence of the existence and accuracy of interest income thereon of a sample of significant investments whose maturity dates are after the period-end by reviewing their particulars and recomputing the expected year-end interest income; and
3. Evaluated the adequacy of the accounting policies and the disclosures on income recognized in the Trust's statement of changes in net assets available for the benefits.

## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 137 of the Companies Act, 2019 (Act 992) of Ghana

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. In our opinion, proper books of accounts have been kept by the Trust so far as it appears from our examination of those books, and;

The Trust's Statement of Assets and liabilities and income and Distribution Accounts are in agreement with the books of Account. We are also independent of the company pursuant to section 143 of the companies Act,2019 (Act 992).

The engagement partner on the audit resulting in this Independent Auditor's Report is **GILBERT ADJETEY LOMOFIO** (P/No-ICAG/P/1417)

For and on behalf of John Kay & Co. (ICAG/F/2023/128)  
Chartered Accountants  
Accra.

For and on behalf of John Kay & Co. (ICAG/F/2023/128)  
Chartered Accountants  
Accra.

23/04 2023





# invest to start your own business...

Algebra Income Trust is here to assist you in fueling your entrepreneurial aspirations. By investing with us, you can accumulate the capital necessary to turn your dreams into reality. Begin your journey by investing with us today.



Algebra  
Capital  
Management  
Limited



[www.algebracapital.com.gh](http://www.algebracapital.com.gh)

**030 277 8553**

# STATEMENT OF ASSETS AND LIABILITIES

## FIXED INTEREST SECURITIES

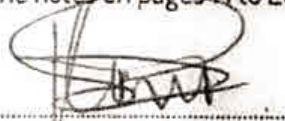
	MARKET VALUE GH¢	PERCENTAGE OF NET ASSET (%)
<b>GOVERNMENT OF GHANA SECURITIES</b>		
91 Day Treasury Bill	155,281	7.11
1- Year Note	22,484	1.03
2 - Year Bond	193,029	8.84
3- Year Bond	568,756	26.06
5 – YearBond	277,040	12.69
6 – YearBond	95,113	4.36
7 – YearBond	350,289	16.05
	<b>1,661,992</b>	<b>75.93</b>
<b>LOCAL GOVERNMENT &amp; STATUTORY AGENCIES SECURITIES</b>		
182 Day Cocoa bill	299,766	13.69
<b>CORPORATE BONDS</b>		
3 Year Bond	100,393	4.59
<b>FIXED DEPOSITS</b>		
182 Day FD	-	-
Funds on Call	153,090	6.99
<b>TOTAL FINANCIAL ASSETS</b>	<b>2,215,241</b>	<b>101.20</b>
Liabilities	(26,253)	(1.20)
<b>TOTAL NET ASSETS</b>	<b>2,188,988</b>	<b>100%</b>

# STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTES	2022 GHS	2021 GHS
<b>ASSETS</b>			
Cash & Cash Equivalents	9	153,090	115,964
Financial assets at Fair Value through OCI	10a	2,062,151	-
Financial assets at Amortised Cost	10b	-	1,263,856
<b>TOTAL ASSETS</b>		<b>2,215,241</b>	<b>1,379,820</b>
<b>LIABILITIES</b>			
Account payables	11	26,253	35,870
<b>TOTAL LIABILITIES</b>		<b>26,253</b>	<b>35,870</b>
<b>NET ASSETS</b>		<b>2,188,988</b>	<b>1,343,950</b>
<b>REPRESENTED BY:</b>			
Capital Account	12	1,871,159	1,286,790
Retained Earnings	13	348,586	57,160
Investment Revaluation Reserve	14	(30,757)	-
<b>TOTAL MEMBER'S FUND</b>		<b>2,188,988</b>	<b>1,343,950</b>

The notes on pages 14 to 26 form an integral part of these financial statements.



Director

28th April 2023



Director

28th April, 2023

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTES	2022 GHS	2021 GHS
<b>REVENUE</b>			
Interest income	7	367,682	93,450
		<b>367,682</b>	<b>93,450</b>
<b>EXPENSES</b>			
Fund Management Fees		43,591	10,998
Trustee Fees		5,893	1,375
Transaction Charges		1,505	420
Audit Fees		10,000	7,000
VAT on Audit Fees		2,190	1,348
Administrative Expenses		13,077	3,299
Legal Fees		-	11,850
		<b>76,256</b>	<b>36,290</b>
<b>OPERATING EXPENSES</b>		<b>76,256</b>	<b>36,290</b>
<b>NET INVESTMENT INCOME</b>		<b>291,426</b>	<b>57,160</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Net gains/(losses) on investments	8	(30,757)	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>260,669</b>	<b>57,160</b>

The notes on pages 14 to 26 form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Capital Transactions	Investment Income GH¢	Valuation Reserve GH¢	Total GH¢
<b>2022</b>				
<b>GH¢</b>				
At 1 January	1,286,790	57,160	-	1,343,950
Net Income From Operations	-	291,426	-	291,426
Other Comprehensive Income	-	-	(30,757)	(30,757)
Share Issue	1,405,021	-	-	1,405,021
Share Redemption	(820,652)	-	-	(820,652)
<b>At 31 December</b>	<b>1,871,159</b>	<b>348,586</b>	<b>(30,757)</b>	<b>2,188,988</b>
<b>2021</b>				
<b>GH¢</b>				
At 1 January	-	-	-	-
Net Income From Operations	-	57,160	-	57,160
Other Comprehensive Income	-	-	-	-
Share Issue	1,325,130	-	-	1,325,130
Share Redemption	(38,340)	-	-	(38,340)
<b>At 31 December</b>	<b>1,286,790</b>	<b>57,160</b>	<b>-</b>	<b>1,343,950</b>

The notes on pages 14 to 26 form an integral part of these financial statements.



# STATEMENT OF MOVEMENTS IN NET ASSETS

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 GH¢	2021 GH¢
<b>Changes in net assets from operations</b>		
Net income from operations	291,426	57,160
Net gains/(losses)	(30,757)	-
<b>Net change in net assets from operations</b>	<b>260,669</b>	<b>57,160</b>
<b>Change in net assets from capital transactions</b>		
Proceeds from Issue of Shares	1,405,021	1,325,130
Share Redemption	(820,652)	(38,340)
<b>Net change in net assets from capital transactions</b>	<b>584,369</b>	<b>1,286,790</b>
<b>Net change in net assets</b>	<b>845,038</b>	<b>1,343,950</b>
At 1 January	1,343,950	-
At 31 December	<b>2,188,988</b>	<b>1,343,950</b>

The notes on pages 14 to 26 form an integral part of these financial statements.

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 GH¢	2021 GH¢
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets attributable to unit holders	260,669	57,160
<b>Adjusted for:</b>		
Interest Receivable	(60,541)	(24,278)

	2022 GH¢	2021 GH¢
Net gains/(losses) on investments	30,757	-
<b>Changes in Working Capital:</b>		
Management Fees Payable	(7,244)	10,998
Trustee Fees Payable	796	1,375
Administrative Expenses Payable	(2,173)	3,299
Legal Fees Payable	(4,839)	11,850
Audit Fees Payable	3,000	7,000
VAT on Audit Fees Payable	842	1,348
<b>Net Cash Flows from Operating Activities</b>	<b>221,267</b>	<b>68,752</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Financial Assets	(1,983,823)	(2,014,859)
Proceeds from Redeemed Investments	1,215,313	775,281
<b>Net Cash Flows from Investing Activities</b>	<b>768,510</b>	<b>1,239,578</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of units	1,405,021	1,325,130
Amount paid on redemption of units	(820,652)	(38,340)
<b>Net Cash Flows from Financing Activities</b>	<b>584,369</b>	<b>1,286,790</b>
<b>Net Increase/(Decrease in Cash and Cash Equivalents</b>	<b>37,126</b>	<b>115,964</b>
Cash and Cash Equivalents at 1 January	115,964	-
<b>Cash and Cash Equivalents at 31 December</b>	<b>153,090</b>	<b>115,964</b>

The notes on pages 14 to 26 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

### 1. REPORTING ENTITY

Algebra Income Trust (“The Trust”) is an open-ended unit trust offered to investors who are seeking to maximize short term income while preserving capital. The Trust’s investment objective is to maximize short term income while aiming to preserve capital and to maintain a high degree of liquidity. Algebra Income Trust is a Unit Trust and is incorporated and domiciled in the Republic of Ghana. The address and registered office of the company can be found on page 2 of the annual report.

### 2. BASIS OF ACCOUNTING

#### a. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) and the Unit Trust and Mutual Fund Regulations, 2001, (L.I. 1695)

#### b. Functional and Presentation Currency

The financial statements are presented in Ghana Cedi (GH¢) which is the organisation’s functional and presentation currency.

#### c. Use of Estimates and Judgement

The preparation of financial statements in conformity with the International Financial Reporting Standard (IFRS) requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditures. 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 judgements 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 recognised 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 future periods.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The following principal accounting policies have been consistently applied during the period in the preparation of the trust’s financial statements.

### (a) Investments income recognition

Interest income, including interest income on financial assets at fair value through other comprehensive income (FVTOCI), is recognized in the income and distribution account using the effective interest method. The effective interest is the rate that exactly discounts the estimated future cash payments or receipts, without consideration of future credit losses, over the expected life of the financial instrument or through to the next market-based re-pricing date to the net carrying amount of the financial instrument on initial recognition. Interest received or receivable are recognized in the income and distribution account as interest income.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Financial instruments

Financial assets and financial liabilities are recognized in the trust's statement of financial position when the trust becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

#### Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

#### Classification of Financial Assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the trust may make the following irrevocable election/designation at initial recognition of a financial asset:

- the trust may irrevocably elect to present subsequent changes in the fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the trust may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Financial assets (cont'd)

##### a. Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the trust recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

#### **b. Debt instruments classified as at FVTOCI**

Government bonds, local government bonds and treasury bills held by the trust are classified as at FVTOCI in compliance with the directive by the Securities and Exchange Commission (SEC) for fund managers to use FVTOCI for valuation of portfolios of collective investment schemes. These assets are initially measured at fair value plus transaction costs. Changes in the carrying amount of these assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When these assets are derecognised, the cumulative gains or losses previously recognised in other comprehensive income and accumulated in investment revaluation reserve are reclassified to profit or loss.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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

The trust recognizes a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The trust always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the trust's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the trust recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the trust measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

## i. Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the trust compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the trust considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the trust's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the trust's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;  
significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Irrespective of the outcome of the above assessment, the trust presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the trust has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the trust assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. The financial instrument has a low risk of default,
2. The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
3. Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The trust considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

For financial guaranteed contracts, the date that the trust becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the trust considers the changes in the risk that the specified debtor will default on the contract.

The trust regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria is capable of identifying significant increase in credit risk before the amount becomes past due.

## ii. Definition of default

The trust considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the trust, in full (without taking into account any collateral held by the trust).



Irrespective of the above analysis, the trust considers that default has occurred when a financial asset is more than 90 days past due unless the trust has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

### iii. Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

1. significant financial difficulty of the issuer or the borrower;
2. a breach of contract, such as a default or past due event;
3. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
4. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
5. the disappearance of an active market for that financial asset because of financial difficulties.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### iv. Write-off policy

The trust writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the trust's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

### v. Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the trust's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

## vi. Derecognition of financial assets

The trust derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the trust neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the trust recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the trust retains substantially all the risks and rewards of ownership of a transferred financial asset, the trust continues to recognise the financial asset and also recognizes a collateralized borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the trust has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

## (g) Cash and Cash equivalents

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturity of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their value and are used by the trust in the management of short-term commitment, other than cash collateral provided in respect of derivatives and security borrowing transactions.

## 4. NEW AND AMENDED STANDARDS EFFECTIVE FOR THE CURRENT PERIOD

### Amendments to IFRS 9, Financial Instruments

The amendment clarifies which fees to include in the '10%' test to determine whether a financial liability has been substantially modified (i.e. the derecognition analysis). A borrower includes only fees paid or received between itself and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

## 5. NEW AND AMENDED STANDARDS NOT EFFECTIVE FOR THE CURRENT PERIOD

### **Disclosure of Accounting Policies (Amendments to IAS 1, Presentation of Financial Statements, and IFRS Practice Statement 2, Making Materiality Judgements)**

The amendment continues the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include:

- requiring companies to disclose their material accounting policies instead of their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material.

The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures.

This is effective for periods beginning on or after 1 January 2023.

### **Definition of Accounting Estimates (Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)**

This amendment clarifies how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively.

The amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. This is effective for periods beginning on or after 1 January 2023.

## 6. RELATED PARTIES AND KEY CONTRACTORS

### a. Fund Managers

An investment management company incorporated in Ghana and duly licensed by the Securities and Exchange Commission of Ghana as a Fund Manager was appointed to implement the investment strategy and objectives as stated in the Funds investment management policy manual. Under the investment management agreement, the Management Fee will be calculated as 2.00% of the value of the net assets of the unit Trust for each closing day divided by 365 (or, in a leap year, 366) to ascertain the fee for that closing day. The fee for that closing day shall be accrued with subsequent day's fee as computed and charged in bulk to the scheme on monthly basis. The Management Fee will be paid out of the property of the Scheme.

### b. Fund Trustees

The Board of Directors of the Fund Manager of the Trust appointed Guaranty Trust Bank (Ghana) Limited, a Limited liability company incorporated in Ghana and duly licensed by the Securities and Exchange Commission of Ghana to provide Trustee services to the Fund manager. Under the Trustee agreement, The Trustee is entitled to receive remuneration for its services which, together with any indirect taxation, shall be paid out of the property of the Scheme. The remuneration shall consist of a monthly charge at a rate of 0.25 percent per annum of the property of the Scheme.

	2022 GH¢	2021 GH¢
<b>7. INTEREST INCOME</b>		
Interest Income on Government of Ghana Securities	262,180	59,300
Interest Income on Fixed Deposits	26,443	20,512
Interest Income on Corporate Bonds	31,278	10,615
Interest Income on LGSAS	46,055	1,778
Interest on call account	1,726	1,245
	<b>367,682</b>	<b>93,450</b>
<b>8. NET GAINS/(LOSSES) ON INVESTMENTS</b>		
Unrealized gain on LGSAS	23,727	-
Unrealized loss on G.O.G Securities	(54,484)	-
	<b>(30,757)</b>	<b>-</b>
<b>9. CASH AND CASH EQUIVALENTS</b>		
Cash and Funds on Call	153,090	115,964
	<b>153,090</b>	<b>115,964</b>

## 10. FINANCIAL ASSETS

	Balance 1/1/22 GHS	Purchase at cost GHS	Sale at cost GHS	Accrued interest GHS	Change in fair value GHS	Value at 31/12/22 GHS
a. Analysis of changes in fair value of financial instruments at fair value through OCI						
<b>31 December 2022</b>						
G.O.G Securities	835,914	969,848	(149,771)	60,485	(54,484)	1,661,992
Fixed Deposits	224,357	270,000	(494,357)	-	-	-
Corporate Bonds	100,337	-	-	56	-	100,393
LGSAS	103,248	743,975	(571,185)	-	23,727	299,766
	<b>1,263,856</b>	<b>1,983,823</b>	<b>(1,215,313)</b>	<b>60,541</b>	<b>(30,757)</b>	<b>2,062,151</b>
b. Analysis of changes in fair value of financial instruments at amortised cost						
<b>31 December 2021</b>						
G.O.G Securities	-	820,654	-	15,260	-	835,914
Fixed Deposits	-	403,728	(189,623)	7,252	-	224,357
Corporate Bonds	-	100,000	-	337	-	100,337
LGSAS	-	123,153	(21,334)	1,429	-	103,248
Call Investment	-	567,324	(567,324)	-	-	-
	-	<b>2,014,859</b>	<b>(775,281)</b>	<b>24,278</b>	-	<b>1,263,856</b>

Per Directive Number SEC/DIR/002/10/2022 issued on 20 October 2022, the Securities and Exchange Commission (SEC) directed fund managers, custodians, and trustees to use fair value through other comprehensive income (FVTOCI) in valuing portfolios of collective investment schemes (Unit Trusts and Mutual Funds). As such, the fund's assets which were previously valued at Amortised cost have been valued at FVTOCI in compliance with this directive.

	2022 GH¢	2021 GH¢
<b>11. ACCOUNT PAYABLES</b>		
Fund Management Fees	3,755	10,998
Trustee Fees	2,171	1,375
Administrative Fees	1,126	3,299
Legal Fees	7,011	11,850
Audit Fees	10,000	7,000
VAT on Audit Fees	2,190	1,348
	<b>26,253</b>	<b>35,870</b>

	2022 No. of units	2022 GH¢	2021 No. of units	2021 GH¢
<b>12. CAPITAL ACCOUNT</b>				
Balance at 1 January	1,266,167	1,286,790	-	-
Contributions	1,241,588	1,405,021	1,302,080	1,325,130
	<u>2,507,755</u>	<u>2,691,811</u>	<u>1,302,080</u>	<u>1,325,130</u>
Redemption	(700,674)	(820,652)	(35,913)	(38,340)
	<u><b>1,807,081</b></u>	<u><b>1,871,159</b></u>	<u><b>1,266,167</b></u>	<u><b>1,286,790</b></u>
Balance at 31 December				

	2022 GH¢	2021 GH¢
<b>13. RETAINED EARNINGS</b>		
Balance at 1 January	57,160	-
Net Income for the year	291,426	57,160
Balance at 31 December	<b>348,586</b>	<b>57,160</b>
<b>14. INVESTMENT REVALUATION RESERVE</b>		
Balance at 1 January	-	-
Net gains/(losses) during the year	(30,757)	-
Balance at 31 December	<b>(30,757)</b>	-

## 15. TAXATION

The income of an approved unit trust scheme or mutual fund is exempt from tax under the Income Tax Act, 2015 (Act 896) as amended.

## 16. FINANCIAL RISK MANAGEMENT

### (a). Asset/Portfolio/Credit risk

Credit risk is the risk that counterparties (i.e., financial institutions and companies) in which the scheme's assets are invested will fail to discharge their obligations or commitments to the trust, resulting in a financial loss to the trust. The trust's policy over credit risk is to minimize its exposure to counterparties with a perceived higher risk of default by dealing only with counterparties that meet the standards set out in the SEC guidelines and the trust's investment policy statement.



## (b). Liquidity risk

Liquidity risk is the risk that the trust either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due. The trust's approach to managing liquidity is to ensure that it will maintain adequate liquidity in the form of cash and very liquid instruments to meet its liabilities (including benefits) when due.

The following are contractual maturities of financial asset

31 December 2022

Financial Assets	Up to 1 Month (GH¢)	1-12 Months (GH¢)	1-5 Years (GH¢)	Over 5 Years (GH¢)	Total
Government Bonds	-	155,281	1,061,309	445,402	1,661,992
LGSAS Bonds	-	299,766	-	-	299,766
Corporate Bonds	-	-	100,393	-	100,393

The following are contractual maturities of financial Liabilities

31 December 2022

Financial Assets	Up to 1 Month (GH¢)	1-12 Months (GH¢)	1-5 Years (GH¢)	Over 5 Years (GH¢)	Total
Administrative Expenses Payable	-	26,253	-	-	26,253

## (c) Market Risk

The trust takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. Trading portfolios include those positions arising from market-making transactions where the trust acts as principal with clients or with the market.

### (a) Foreign exchange risk

The trust had no foreign currency-denominated assets and liabilities at year-end. All assets and liabilities at the balance sheet date were denominated in Ghana Cedis.

## 16. FINANCIAL RISK MANAGEMENT (CONT'D)

### (f) Interest Rate Risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The investment managers advise the trustees on the appropriate balance of the portfolio between fixed-rate interest, and variable-rate interest investments. The scheme uses duration targeting as a means of mitigating the effects of the risk. The target duration is regularly reviewed by the trustees.

### (g) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the trust's processes, personnel, technology, and infrastructure, and from external factors other than credit, market, and liquidity risks such as those arising from legal and regulatory requirements. Operational risks arise from all the trust's operations and are faced by all collective investment schemes. The trust's objective is to manage operational risk to balance the avoidance of financial losses and damage to the trust's reputation with overall cost-effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the fund manager. This responsibility is supported by the development of the following policies and standards;

- governing rules and trust deed;
- investment policy statement;
- requirements for the reporting of non-compliance with regulatory and other legal requirements;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

## 17. CONTINGENT LIABILITIES

There was no contingent liability at the end of the year

## 18. EVENT AFTER REPORTING PERIOD

The Government of Ghana launched Ghana's Domestic Debt Exchange Program on 5th December 2022 with an invitation for the voluntary exchange of domestic notes and bonds of the Republic for a package of new bonds to be issued by the Republic. The Trust is currently in the process of participating in the voluntary exchange of the fund's face value of GHS 1,655,991 in Government Notes and Bonds. Consequently, the Expected Credit Loss (ECL) provision relating to forward-looking information will be impacted. However, the fund is not able to produce a reliable estimate of this impact at this point.

## 19. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors of the Fund Manager and authorized for issue on

28th April 2023

# PROXY FORM

The 2nd Annual General Meeting of Unit Holders of Algebra Income Trust will be held virtually and streamed live via Zoom at the office of the Fund Manager at **10:00am** on **Thursday, 12 September 2023** to transact the following business:

Resolutions	For	Against
1.		
2.		
3.		
4.		
5.		
6.		

Please indicate with an “X” in the appropriate square how you wish your votes to be cast on the resolution set out above.

Unless otherwise instructed the proxy will vote for or abstain from voting at his/her discretion.

I/We..... being a Unit Holder(s) hereby appoint ..... as my/our proxy to attend and vote for me/us and on my/our behalf at the 2nd Annual General Meeting of the Fund to be held on **Thursday, 12 September 2023** and at any adjournment thereof.

**Dated this 24th day of August 2023**

.....

Unit Holder(s) Signature

**(Do not complete this form if you will attend the meeting)**



# investing in a secure retirement...

Retirement is the reward for a lifetime of hard work, planning for retirement is essential, no matter your age. Algebra Income Trust helps you build a strong foundation for your retirement.



Algebra  
Capital  
Management  
Limited



[www.algebracapital.com.gh](http://www.algebracapital.com.gh)  
**030 277 8553**

5th Floor, Nester Square  
North Liberation Link, Airport City  
Contact Us On : 0302 778 552 / 030 778 553  
[info@algebracapital.com.gh](mailto:info@algebracapital.com.gh) / [www.algebracapital.com.gh](http://www.algebracapital.com.gh)