

PSL FIXED INCOME UNIT TRUST

Reports and Financial Statements

for the Ten (10) Month Period Ended
31 December 2023

asamo* **bonsu & co.*

(Chartered Accountants)



otb 169, odum
near kataban house,
ak 038-0355
post office box ks-7909
tel.: 032-202-4914
kumasi

73 (e146/10) orgle road,
kaneshie
ga 2559-3883
post office box an-7751
tel: 030-222-4787,
accra

PSL FIXED INCOME UNIT TRUST

FINANCIAL STATEMENTS FOR THE TEN (10) MONTH PERIOD ENDED DECEMBER 31, 2023

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PSL FIXED INCOME UNIT TRUST

FUND INFORMATION

Fund Manager

Prudential Securities Limited
8 John Hammond Street
Ring Road Central
P. O. Box CT628, Cantonments
Accra, Ghana

Trustee

Universal Merchant Bank (Ghana) Limited
SSNIT Emporium Building,
Liberation Road, Airport Road
P. O. Box GP401,
Accra, Ghana

Collection Bank

Prudential Bank Head Office
8 John Hammond Street
Ring Road Central
Private Mail Bag
General Post Office
Accra

Auditors

asamoah bonsu & co
(chartered accountants)
gs 22 orgle road
north kaneshie
gps: ga-259-3883
accra

PSL FIXED INCOME UNIT TRUST

STATEMENT OF TRUSTEE'S RESPONSIBILITY

The Trust Deed requires that the Trustees prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the PSL Fixed Income Unit Trust. In preparing the statement, the Trustees are required to:

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

The Trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the Trust, which will ensure that the financial statements comply with the Trust Deed and Securities Industry Act, 2016 (Act 929). They are responsible for safeguarding the assets of the Scheme and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements should be read in conjunction with the statements of the Auditors' Responsibilities as set out on pages 9 - 11, and the respective responsibilities of the Trustees and the Managers in relation to the financial statements.

PSL FIXED INCOME UNIT TRUST

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS OF PSL FIXED INCOME UNIT TRUST

In our opinion, according to the information made available to us and the explanations provided, we confirm that in all material respects, the manager has managed the scheme during the year covered by these financial statements in accordance with the Trust Deed dated November, 2020 and all regulations for the time being in force under the Securities and Exchange Act 2016, (Act 929) and the Unit Trust and Mutual Funds Regulations, 2001, (L. I. 1695).

Dated

27 Feb 2024


For UMB BANK LIMITED

PSL FIXED INCOME UNIT TRUST

FUND MANAGER'S REPORT

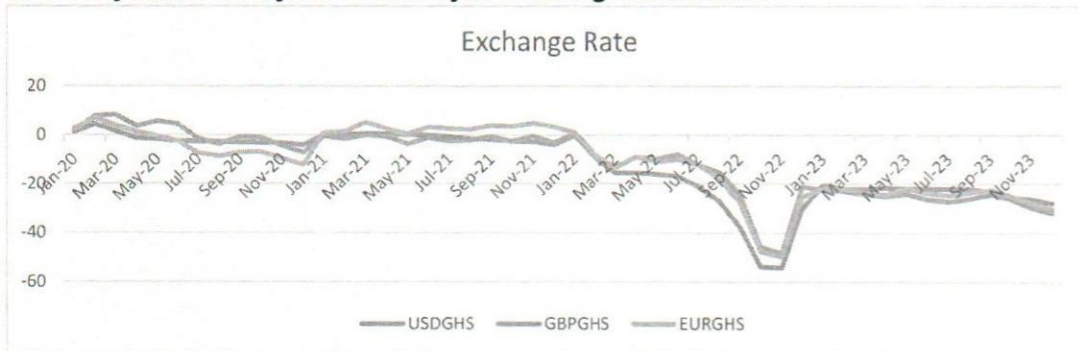
A. Economic Overview

Ghana's economy, like many developing nations, has faced challenges including the COVID-19 pandemic, the Russia-Ukraine war, and high levels of debt. These uncertainties led to rapid depreciation of the Ghana cedi and accelerated inflation. To address these issues, Ghana sought a \$3 billion bailout loan from the IMF and implemented a domestic debt exchange program to reduce debt burden. The success of these initiatives, along with the first tranche of the IMF loan, improved Ghana's economic situation.

Exchange Rate

The local currency remained relatively stable in 2023 compared to the last quarter of 2022. The stability of the Cedi is an indication of robust economic activity, propelled by the initial instalment of the IMF Bailout loan. As of December 2023, the cedi traded at GH¢11.8800/US\$ (BOG mid-rate), recording a year-to-date loss of 27.81%.

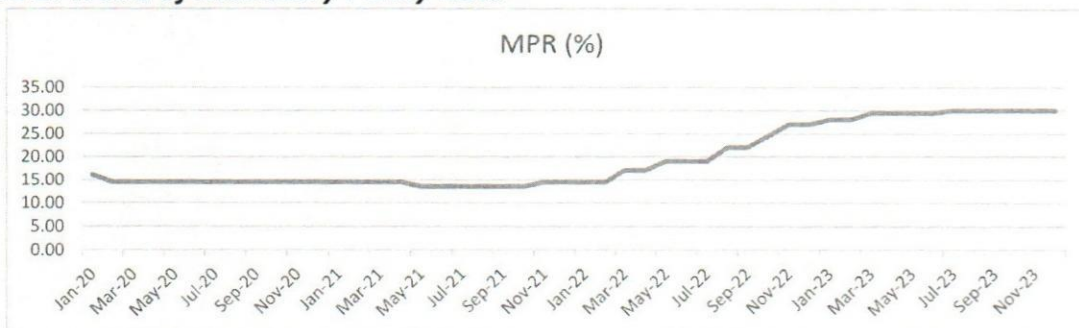
Figure 1: Performance of Cedi vs Major Trading Currencies



Interest Rate

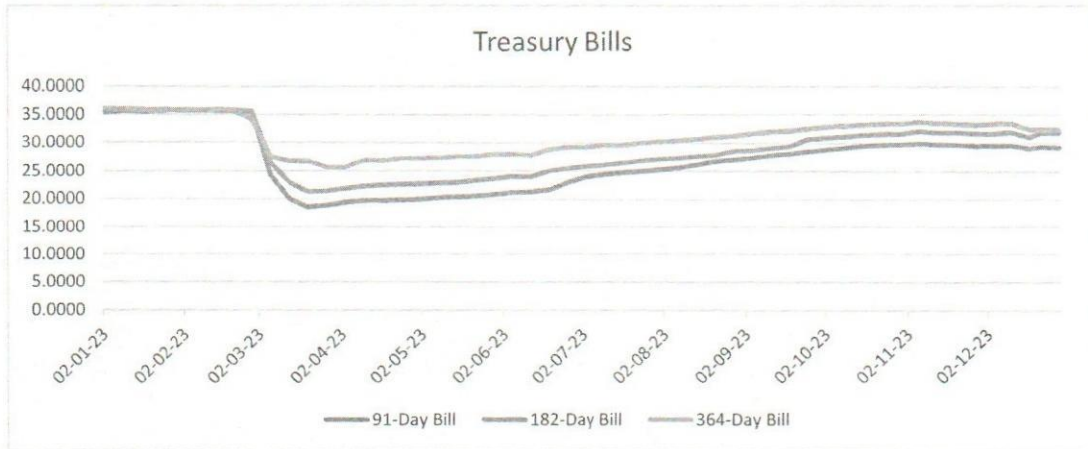
Monetary Policy Rate: The Bank of Ghana raised its policy rate due to inflationary pressures caused by second-round effects of increased food prices from new taxes and higher utility tariffs. The policy rate was increased from 28% in January 2023 to 30% in July 2023 and maintained at 30% in September and November 2023. This decision was influenced by decreasing inflation, stable exchange rates, and robust economic growth.

Figure 2: Trend of Monetary Policy Rate



Primary Market: Interest rates on the 91 Day Bill, 182 Day Bill, and 364 Day Bill increased from March 2023 to December 2023, rising to 29.24%, 31.88%, and 32.49% respectively. This surge was linked to high inflation levels and the government's reliance on the treasury bill market. However, slight declines in interest rates have been observed across all short-term paper tenures, influenced by a recent slowdown in inflation.

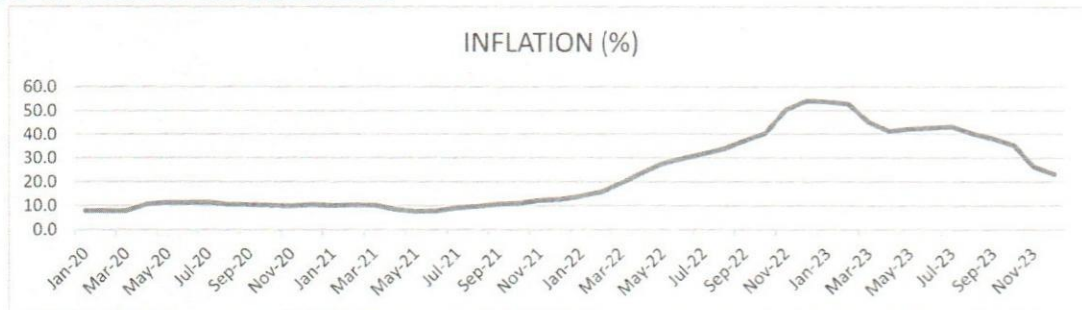
Figure 3: Trend of GOG Treasury Bill Rates



Inflation

Headline inflation, which peaked at 54.1% in December 2022, has experienced a fourth consecutive decline since July 2023, declining from 43.1% to 23.2% by December 2023. This reduction was primarily attributed to lower prices of certain food items, including vegetables, cereals, and fish, as well as the implementation of tight monetary policy measures by the Central Bank.

Figure 4: Trend of Inflation Rate



Economic Outlook 2024

PSL's economic outlook for Ghana in 2024 forecasts gradual strengthening of the fiscal account, attributed to ongoing adherence to IMF reforms. Implementation of the e-VAT system is expected to improve fiscal stability.

Currency stability is expected, depending upon creditor negotiations and receipt of IMF bailout and cocoa syndicated loans. Inflation is projected to decrease further, supported by IMF assistance and a stable currency, with an expected range of 15% to 18%. Also, a reduction in the policy rate by the Central Bank is anticipated.

High demand for Government of Ghana treasury bills is expected, with interest rates expected to decline due to reduced inflation, ranging from 20% to 25% for various bill tenures.

A. Fund Performance

The PSL Fixed Income Unit Trust closed the year 2023 with a net asset value (NAV) of GH¢ 2.13 million from a position of GH¢0.79 million at the end of the Initial Public Offering (IPO). Overall, the assets of the Trust have increased by 170.15% since the IPO. This steady increase in the NAV of the Trust can be attributed to high yield on the market and efficient management of the Trust. The number of units stood at 3.83 million at a price of GH¢ 0.5747 at the end of the year 2023. The Trust recorded a year-to-date return of 14.94%.

B. Portfolio Review and Asset Mix

The Fund primarily invests in high yielding fixed income securities such as Government of Ghana Treasury securities and Fixed Deposit. At the end of the year 2023, the Trust held 68.58% of its assets in GOG Treasury Bills, 10.76% in Fixed Deposit, and 20.66% as Cash.

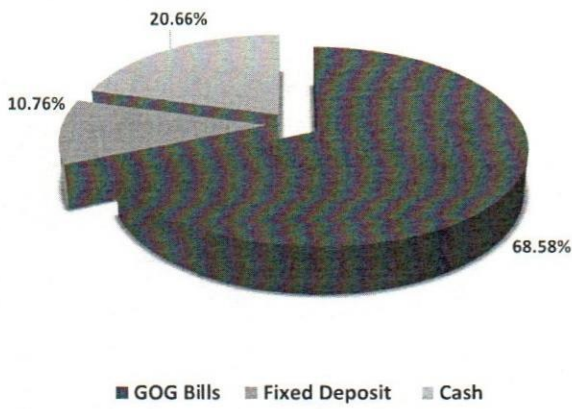
In 2024, the manager will pursue asset allocation strategy centered on investment securities offering competitive rates such as Treasury bills, Repurchase Agreement (REPO), and Fixed Deposit. By focusing on these investment vehicles, we will be able to secure a stable and relatively lucrative investment option in the financial market during that period. The Manager will also monitor and analyse the financial statements of investment houses to ensure the safety of the Unit Trust's assets, as well as focusing on strengthening its investment strategies to meet the objectives of the fund. PSL will intensify its marketing to onboard new clients. We appreciate your investment with Prudential Securities Limited and look forward to continuing to meet your investment needs in the coming years.

Sincerely

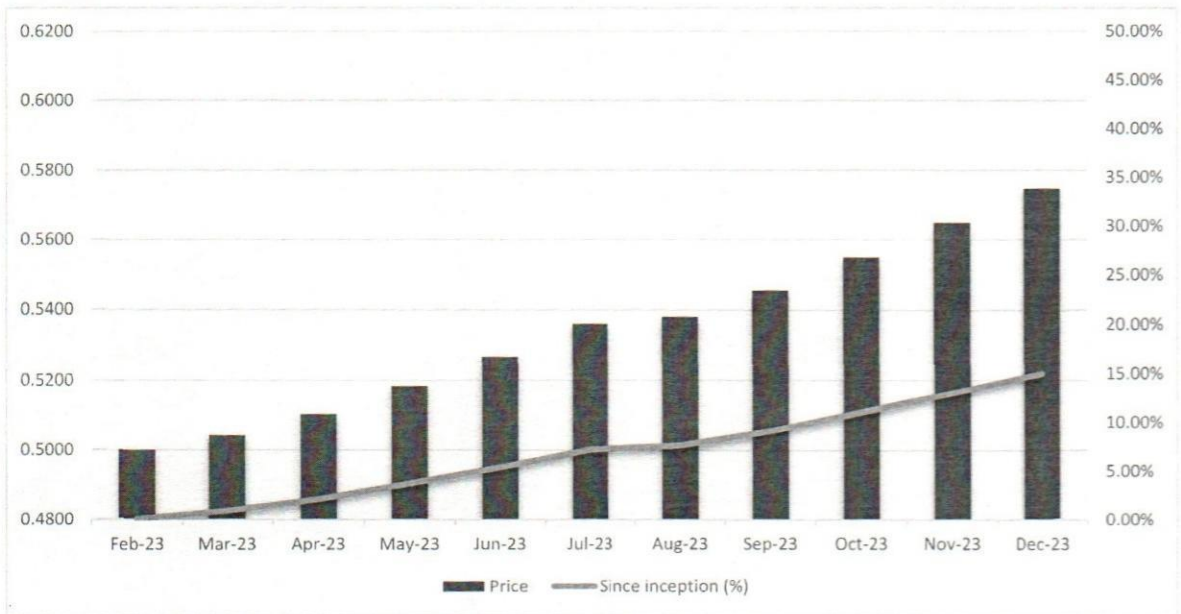
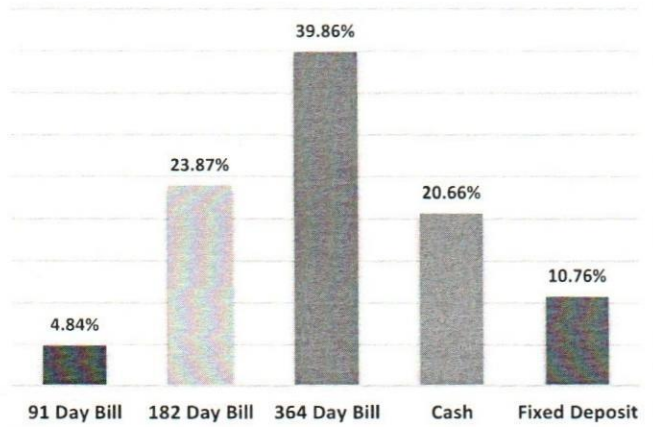


MANAGING DIRECTOR

Portfolio Mix



Top Holdings





asamo bonsu & co.

(chartered accountants)

osei a. bonsu
kofi k. asamo-bonsu
deborah k. Cobbina
e-mail: abonsucoacc@gmail.com

56 (E146/10) Orgle Road,
Kaneshie
GA-259-3883
P. O. Box AN-7751
Tel: 030-222-4783
Accra

Ref. No. PSL-FIUT/46/24

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Opinion

We have audited the Financial Statements of PSL Unit Trust for the period from March 1, 2023 to December 31, 2023 on pages 12 - 16 comprising the Statement of Assets, Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Net Equity, Statement of Cash Flows and Notes to the Financial Statements which have been prepared under the historical cost convention as modified in appropriate items by the fair value module in compliance with generally accepted accounting principles and with International Financial Reporting Standards (IFRS) for Small and Medium Sized-Entities and the Accounting Policies in the manner required by the Securities Industry Act 2016 (Act 929), the Unit Trust and Mutual Funds Regulations 2001, (LI 1695) and the Companies' Act 2019 (Act 992) as set out on Pages 17 - 23.

In our opinion, the accompanying Financial Statements, which have been prepared in accordance with generally accepted accounting principles and in accordance with Unit Trust and Mutual Funds Regulations, 2001 (LI 1695), in all material respects, give a true and fair view of the Financial Position of PSL Fixed Income Unit Trust as at December 31, 2023 and of its Financial Performance and Cash Flows for the period then ended and are in accordance with the Securities Industry Act 2016 (Act 929), the Unit Trust and Mutual Fund Regulations 2001 (LI 1695) and 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 in this report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in Ghana, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Trustee and the Fund Manager for the Financial Statements

As a Trust set up by the Manager, which is a limited company, the Manager is responsible for the preparation of the Financial Statements in accordance with the Companies' Act, 2019,

(Act 992), and the International Financial Reporting Standards (IFRS) for Small and Medium Sized-Entities and for such internal control as the Manager determines, as is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management 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 or Trustee decides to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- 1 Identify and assess the risks of material misstatement if 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.
- 2 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.
- 3 Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 4 Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- 5 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 representation.
- 6 We communicate with the Managers and Trusweek significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

(In compliance with other legal requirements.)

In carrying out our audit, we have considered the following relevant Legislations:-

- i The Companies Act, 2019, (Act 992),
- ii The Securities Industries Act, 2016, (Act 929), and
- iii The Unit Trust and Mutual Funds Regulations, 2001 (LI 1695).

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 purpose of our audit,
- ii In our opinion, proper books of account have been kept by the PSL Fixed Income Unit Trust, as it appears from our examination of those books,
- iii The Statement of Assets and Liabilities, Statement of Income and Distribution, and Statement of Assets and Statement of Cash Flows are in agreement with the books of account, and
- iv The PSL Fixed Income Unit Trust has maintained the minimum capital requirements.

asamoia bonau & co.
asamoia bonau & co (ICAG/F/2024/155)
(chartered accountants)
hse no. gs 22, north kaneshie
orgle road
accra

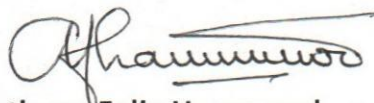
kofi kusi asamoia-bonsu (ICAG/P/1479)
Partner

27 May, 2024

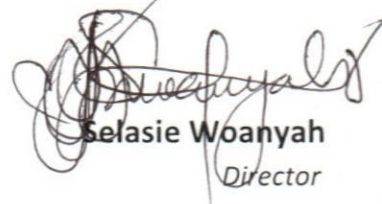
PSL FIXED INCOME UNIT TRUST

STATEMENT OF ASSETS AND LIABILITIES FOR THE (10) MONTH PERIOD ENDED DECEMBER 31, 2023

	Market Value 31-Dec-23	% Net Assets
Investments		
Cash & Cash Equivalents	470,471	22.13
Fixed Deposits	228,760	10.76
	<u>699,231</u>	<u>32.89</u>
 Investments		
364-Day Treasury Bills	846,441	39.81
182-Day Treasury Bills	556,802	26.19
91-Day Treasury Bills	54,799	2.58
	<u>1,458,042</u>	<u>68.58</u>
 Total Assets	2,157,273	101.47
 Total Liabilities	<u>(31,215)</u>	<u>(1.47)</u>
 Net Assets	<u><u>2,126,058</u></u>	<u><u>100</u></u>



Anthony Felix Hammond
Director



Selasie Woanyah
Director

, 2024

PSL FIXED INCOME UNIT TRUST

STATEMENT OF FINANCIAL POSITION FOR TEN (10) MONTH PERIOD ENDED DECEMBER 31, 2023

	2023
	GH¢
Assets	
Other Financial Assets	1,458,042
Cash on Hand and Bank	<u>699,231</u>
	2,157,273
Liabilities	
Administrative Expenses Payable	5,147
Management Fees Payable	7,722
Trustee's Fees Payable	3,346
Auditors' Remuneration Payable	<u>15,000</u>
	31,215
Net Assets	<u><u>2,126,058</u></u>
Represented by	
Capital Account	1,873,902
Accumulated Income	<u>252,156</u>
	<u><u>2,126,058</u></u>

PSL FIXED INCOME UNIT TRUST

STATEMENT OF INCOME AND DISTRIBUTION ACCOUNT FOR TEN (10) MONTH PERIOD ENDED DECEMBER 31, 2023

	2023 GH¢
Revenue	
Gross Revenue	312,641
Operating Expenses	
Trustee's Fees	9,386
Fund Management	21,607
Administrative Fee	14,492
Audit Fee	15,000
	<hr/> 60,485
Operating Profit	252,156
Tax Expense	<hr/> -
Net Investment Income	252,156
Other Comprehensive Income	<hr/> -
Total Comprehensive Income	<u><u>252,156</u></u>

PSL FIXED INCOME UNIT TRUST

STATEMENT OF CHANGES IN NET ASSETS FOR TEN (10) MONTH PERIOD ENDED DECEMBER 31, 2023

	Opening Balance GH¢	Units Sold GH¢	Profit for Year GH¢	Capitalised Reserves GH¢	Units Redeemed GH¢	Balance GH¢
Capital Units	-	2,408,235		-	(534,333)	1,873,902
Accumulated Income	-		252,156			252,156
	-	2,408,235	252,156	-	(534,333)	2,126,058

STATEMENT OF MOVEMENT IN ISSUED SHARES FOR THE TEN (10) PERIOD ENDED 31 DECEMBER, 2023

	Value GH¢
Opening Balance	-
Units Sold	2,408,235
Units Redeemed	(534,333)
Balance December 31, 2023	<u>1,873,902</u>

PSL FIXED INCOME UNIT TRUST

STATEMENT OF CASH FLOW FOR TEN (10) MONTH PERIOD ENDED DECEMBER 31, 2023

	2023
	GH¢
Cash Flow from Operating Activities	
Net Investment Income	252,156
Changes in Liabilites	31,215
Cash Flow from Investment Activities	<u>283,371</u>
Investing Activities	(1,458,042)
Cash Flow From Financing Activities	
Units Sold	2,408,235
Units Redeemed	534,333
	<u>2,942,568</u>
Net Cash Inflow	1,767,897
Represented By	
Fixed Deposit	228,760
Cash and Bank	470,471
	<u><u>699,231</u></u>

PSL FIXED INCOME UNIT TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR TEN (10) MONTH PERIOD ENDED DECEMBER 31, 2023

1 ACCOUNTING POLICIES

The following are the principal accounting policies adopted by PSL Fixed Income Unit Trust and are applied in the preparation of the PSL Unit Trust's Financial Statements.

2 BASIS OF PREPARATION

a. **Statement of Compliance**

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Securities Industry Act 2016 (Act 929), and the Unit Trusts and Mutual Funds Regulations 2001, (L. I. 1695).

b. **Basis of Measurement**

They are prepared on the historical costs basis as modified by Fair Valuation Model of International Financial Reporting Standards in appropriate areas.

c. **Functional and Presentation Currency**

The Financial Statements are presented in Ghana Cedis (GH¢) which is the Trust's functional currency.

d. **Use of Estimates and Judgement**

The preparation of Financial Statements in conformity with IFRSs requires management to make judgements, 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 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.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements.

3 SIGNIFICANT ACCOUNTING POLICIES

a) **Depreciation**

No Depreciation on Properties, Plants, and Equipment are charged as the Unit does not hold such assets.

b) Accounts Receivables

Accounts Receivables are stated in the Statement of Financial Position at the amount of principal outstanding less provision for bad and doubtful debts.

c) Foreign Exchange

The Financial Statements have been prepared using the Ghana Cedis as the base rate currency. All foreign currency transactions of Revenue are converted into Ghana Cedis at the rate of exchange ruling at the date of the transaction. Balances denominated in foreign currencies are translated into Ghana Cedis at the rate of exchange ruling on the Financial Statement date. All exchange gains and losses are been dealt with in the Income and Distribution Statement except as provided under Borrowing Costs.

d) Revenue Recognition

Income is a key factor in the assessment of the viability of the Trust. It is also a factor in assessing the capital growth of the Units purchased. Income is recognised when value is added. Incomes that accrue after the accounting period are not recognised.

e) Interests Income and Expense

Interest Income is recognised on time proportion basis and that it is probable that economic benefit will flow to the scheme from the transaction whilst the amount of revenue/interest can be measured reliably.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense. The effective interest rate is the rate that exactly discounts the estimated future cash payments, or receipts over the expected life of the instrument to the net carrying amount of the financial asset or liability.

f) Interest Income

Interest Income is recognized on accrual basis and are received when they appear on the bank statements.

g) Distributions of Profits

Distributions of profit, when not added to values of units but payable or due for payment are recognised as a liability in the period in which they are approved until paid.

h) Impairment

Impairment is the abrupt decrease in the value of the asset as a result of the carrying amount being higher than the recoverable amount (physical damage, obsolescence, technological advancement etc.)

Carrying Amount

Carrying amount is the cost of the asset less all accumulated depreciation and all accumulated impairments.

Recoverable Amount

Recoverable amount is the higher of the asset's net realisable value (Market Value less Cost to Sell) and the Economic Value (Value in use).

Recognition

If the carrying amount exceeds the recoverable amount, impairment expense amounting to the difference is recognised in the period; if the carrying amount is less no impairment is recognised.

Asset held under Cost Model

If there is no previous revaluation surplus arising from the asset, impairment losses are charged to Income Statement.

Assets held under Revaluation Model

If there are no previous revaluation surplus arising from the asset, impairment losses are charged to Income Statement.

If there have been a previous revaluation surplus arising from the asset, impairment loss are charged to extent of the revaluation surplus.

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 and that there is a likelihood of a future economic benefit after deducting likely future economic losses.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All Impairment losses are recognised in the Statement of Comprehensive Income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

ii) Non Financial Assets

The carrying amounts of the Unit's non-financial assets, other than inventories are reviewed 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.

i) Taxation

The Scheme is exempted from payment of Scheme Taxes as it is a Unit Trust Fund within the meaning of Internal Revenue Act, 2000, Act 592.

j) Interest Expense

Except as provided under Borrowing Costs, Interest Expense is allocating interest expense over the relevant period or in proportion to the related/relevant time/period.

k) Events After the Reporting Period

Events subsequent to the date of the Financial Position are reflected only to the extent that they relate directly to the Financial Statements and the effect is material.

l) Borrowing Costs

Interests and other costs associated with borrowings and exchange differences on funds borrowed to finance the redemption of Units are charged to income and Distribution statement.

m) Income Statement Items Recognition

- i.* Incomes are recognised on accrual basis when an asset can be recognised.
- ii.* Expenditure is recognised on accrual basis and provision is made for all known liabilities or transaction for which a known liability will arise in future and in this respect, Contingencies are mentioned when the liability is not known or yet to be determined.

4 FINANCIAL INSTRUMENTS CATEGORISATION, INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

a) Categorisation

The scheme classifies its Financial Assets in the following categories:

- i.* Financial Assets measured at fair value through Profit or Loss;
- ii.* Financial Assets measured at amortised cost; and
- iii.* Financial Assets measured at fair value through Other Comprehensive Income.

b) Date of Recognition

Purchases and sale of financial assets are recognised on the transaction date.

c) Initial Recognition of Financial Instruments

Financial instruments are initially recognised at their fair value plus, in the case of Financial Assets or Financial Liabilities not at fair value through Profit and Loss, transaction costs that are directly attributable to the acquisition or issue of the Financial Asset or Financial Liability.

d) Subsequent Measurement of Financial Instruments

Financial Assets measured at Fair Value Through Profit or Loss

e) Held for Trading

A Financial Asset at fair value through Profit or Loss is a Financial Asset that meets either of the following conditions.

A Financial Asset is classified as held for trading if it is acquired principally for the purpose of selling in the near future, or is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

f) Designated at Fair Value through Profit or Loss

Upon initial recognition as Financial Asset, it is designated as at Fair Value through Profit or Loss. Financial Assets at Fair Value through Profit or Loss are measured at fair value subsequent to initial recognition. Gains or losses upon subsequent measurement are treated in Profit or Loss.

g) Financial Assets Measured at Amortised Cost

A Financial Asset is measured at amortised cost if both the following conditions are met: The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

- i.* Financial liabilities are classified as non-trading, held for trading or designated as at fair value through Profit or Loss.

- ii. Non-trading liabilities are measured subsequent to initial recognition at amortised cost applying the effective interest method.
- iii. Held for trading liabilities or liabilities designated as at fair value through Profit or Loss, are measured at fair value.
- iv. All Financial Liabilities shown in the Statement of Financial Position are non-trading liabilities.

h) Determination of Fair Value of Financial Instruments

Availability of Active Market

The fair value of a financial instrument traded in active markets such as the Ghana Stock Exchange (GSE) at the reporting date is based on its quoted market price without any deduction of transaction costs.

i) Non-Availability of Active Market

Equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Investments whose fair value can be reliably measured are measured professionally through the use of valuation techniques.

j) Short-Term Receivables

The fair value of Short-Term Receivables approximate book value and are measured as such.

k) Derecognition of Financial Assets and liabilities

A Financial Asset or a portion thereof, is derecognised when the scheme's rights to cash flows has expired or when the scheme has transferred its rights to cash flows relating to the Financial Assets, including the transfer of substantially all the risk and rewards associated with the Financial Assets or when control over the financial assets has passed.

A Financial Liability is derecognised when the obligation is discharged, cancelled or has expired.

l) Impairment of Financial Assets

Framework for Measuring Impairment of Financial Assets

At each reporting date the Trust assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a Financial Asset or a group of Financial Assets has become impaired.

5 Provisions

The PSL Fixed Income Unit Trust recognises provisions when it has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the PSL Fixed Income Unit Trust expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Profit or Loss net of any reimbursement.

If the effect of the Time Value of money is material, 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as Borrowing Cost.

6 CAPITAL MANAGEMENT

The capital maintenance objective of the Trust is that of Financial Capital Maintenance. In this respect, profit is earned if the Net Financial Assets at the end of the year exceeds the Net Financial Assets at the beginning of the year after adjusting for contributions from and distributions to unit holders at the end of the year. This means that it is measured at nominal monetary units.

6.1 RISK

The nature of the PSL Fixed Income Unit Trust's operations as a financial intermediary exposes it to various types of risks. These risks are Market, Liquidity and Operational.

6.2 Operational Risk

The principal sources of Operational Risk inherent in the PSL Fixed Income Unit Trust operations arise from Investments made with money market operators with which the Trust makes investment. The risk factor of the money market players has a direct impact on the investments made by the Trust with them.

6.3 Market Risk

Market Risk deals with the risk inherent in the market. This type of risk arises where the market pays less than the expectations of the Trust to enable them meet payments due from time to time.

6.4 Liquidity Risk

This deals with the availability of liquid funds when redemptions are due. The amounts will be depended on the financial market conditions resulting in redemptions and sufficiency of investment income in the form of liquid funds.

6.5 Mitigating these Risks

At periodic times or when the market interest rates are favourably or adverse changing, the Trustees meet to take action and assess the possibilities available and diversify their investment portfolio or meets with the Fund's investee organisation to obtain the best interest rates for their investments.

7 TRANSACTIONS WITH RELATED PARTIES AND KEY CONTRACTORS

a. *Fund Manager*

The Trust's investment activities are managed by Prudential Securities Limited. The fund manager receives a fee based on net asset value of 1.5% accrued daily and paid quarterly. Total management fee charged during the year amounted to GH¢21,607. The amount included in accruals as at 31st December, 2023 amounted to GH¢7,722.

b. *Trustee*

Trustee of the Trust is Universal Merchant Bank. The Trustee receives a fee based on net asset value of 0.65% accrued daily or minimum of GH¢7,000 per annum. The total Trustee fee charged during the period amounted to GH¢9,386. The amount included in accruals as at 31st December, 2023 amounted to GH¢3,346.

8 REVENUE

	2023
Interest Income on Financial Instruments at Fair Value through Profit or Loss	GH¢
Government Securities	272,354
Fixed Deposit	16,332
Call Interest	23,954
	<hr/> 312,640 <hr/>