

**SETTLEMENT GUARANTEE FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**Settlement Guarantee Fund**  
Annual report  
for the year ended 31 December 2019

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**Settlement Guarantee Fund**  
Annual report  
for the year ended 31 December 2019

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**CORPORATE INFORMATION**

**Board of Trustees**

Melvina A.A. Amofo - Chairperson  
Dornu Narnor  
Brigid Yankah

**Administrator**

Central Securities Depository (GH) Ltd  
Fourth Floor Cedi House  
PMB CT465  
Cantonments  
Accra

**Independent auditor**

PricewaterhouseCoopers  
Chartered Accountants  
PwC Tower  
A4 Rangoon Lane, Cantonments City  
PMB CT42,  
Cantonments, Accra

**Registered office**

Fourth Floor Cedi House  
PMB CT465  
Cantonments  
Accra

**Banker**

Bank of Ghana

**Settlement Guarantee Fund**  
Annual report  
for the year ended 31 December 2019

**REPORT OF THE TRUSTEES**

The Trustees submit their report together with the audited financial statements for the year ended 31 December 2019.

**Establishment, nature and status of the Fund**

The Settlement Guarantee Fund is a guarantee fund established and maintained by the Central Securities Depository (GH) Limited for the purpose of providing an indemnity against default in respect of payments for or delivery of securities by a depository participant and obligations of participants towards the central securities depository as stipulated under the Central Securities Depository Act, 2007 (Act 733).

The assets of the Fund consist of monies accruing to the Fund and contributions specified in the Act.

Central Securities Depository (GH) Limited, acting through the Trustees, is ultimately responsible for administration of the Fund and their responsibility to the Fund is established by the Guidelines on the Settlement Guarantee Fund approved by the Securities and Exchange Commission. The guidelines are subject to Act 733 which forms the basis of establishing the Fund.

**Membership statistics**

	<b>Members</b>
At 1 January 2019	<b>62</b>
Joiners	<b>5</b>
Withdrawals	<b>-</b>
At 31 December 2019	<b><u>67</u></b>

**Investment report**

The Board of Trustees submit the investment report of the Settlement Guarantee Fund for the year ended 31 December 2019.

**(i) Statement of investment principles**

We, the Board of Trustees attest that funds have been invested with the objective of obtaining safe and fair returns. The primary objective of the Fund is to achieve a long-term return in excess of inflation at minimal credit risk, while maintaining a highly liquid portfolio. As such, the investments of the Fund are all made in Government of Ghana treasury bills.

The table below shows the Fund's investment portfolio statistics as at 31 December 2019.

	Average interest rate %	Closing interest rate %	Investment income earned	Year end Value of investment GH¢
Government securities	<u>15.06</u>	<u>15.14</u>	<u>314,062</u>	<u>2,460,686</u>



## **REPORT OF THE TRUSTEES (continued)**

### **(ii) Financial results**

The statement of changes in members funds as presented on page 9 shows an increase in the net assets of the Fund for the year by GH¢1,306,057 (2018: GH¢207,513). The statement of net assets available to members on page 8 shows the Fund's net assets as at 31 December 2019 of GH¢2,871,096 (2018: GH¢1,565,039).

### **(iii) Expenses**

All expenses of the Fund are charged to the Administrator of the Fund. Details of fees paid by the Administrator on behalf of the Fund are as follows:

	<b>2019</b>	<b>2018</b>
	<b>GH¢</b>	<b>GH¢</b>
Audit fees		
<b>Auditor</b>	<b><u>15,926</u></b>	<b><u>12,123</u></b>

PricewaterhouseCoopers has expressed their willingness to continue in office as Auditor of the Fund.

### **Statement of Trustees' responsibilities**

The guidelines of the Settlement Guarantee Fund require the Trustees to apportion interests accrued from investments of the Fund to its members at the end of each financial year after the financial statements have been audited by an external auditor. The Trustees are also to ensure that the Fund keeps proper accounting records of its income, expenditure, liabilities and assets.

The Trustees accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards. The Trustees further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

The Trustees certify that to the best of their knowledge and belief, the information furnished to the auditor for the purposes of the audit is correct and complete in every respect.

On behalf of the Board of Trustees

Name of Trustee: **MELVINA AMORATO**

Signature: 

Name of Trustee: **JOYCE D. MAXWELL**

Signature: 

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SETTLEMENT GUARANTEE FUND**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Our opinion**

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In our opinion, the accompanying financial statements give a true and fair view of the financial position of Settlement Guarantee Fund (the "Fund") as at 31 December 2019, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

*What we have audited*

We have audited the financial statements of Settlement Guarantee Fund for the year ended 31 December 2019.

The financial statements comprise:

- the statement of net assets available to members as at 31 December 2019;
- the statement of income and expenses for the year then ended;
- the statement of changes in members funds for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

**Basis for opinion**

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

*Independence*

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

**Other information**

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The trustees are responsible for the other information. The other information comprises the Corporate Information and the Report of the Trustees but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SETTLEMENT GUARANTEE FUND (continued)**

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**Other information (continued)**

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Trustees for the financial statements**

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The trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The trustees are responsible for overseeing the Fund's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

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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 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 Fund's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees;

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SETTLEMENT GUARANTEE FUND (continued)**

**Auditor's responsibilities for the audit of the financial statements (continued)**

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund'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 Fund to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

The engagement partner on the audit resulting in this independent auditor's report is Michael Asiedu-Antwi (ICAG/P/1138).

*PricewaterhouseCoopers*

PricewaterhouseCoopers (ICAG/F/2020/028)  
Chartered Accountants  
Accra, Ghana  
30 November 2020





**Settlement Guarantee Fund**  
Financial statements  
for the year ended 31 December 2019

**STATEMENT OF INCOME AND EXPENSES**  
(All amounts are in Ghana cedis)

	Note	<u>Year ended 31 December</u>	
		2019	2018
Dealings with members:			
Contributions			
<b>Net additions from dealings with members</b>	10	<u>991,995</u>	<u>19,487</u>
Returns on investments:		<u>991,995</u>	<u>19,487</u>
Investment income			
<b>Net investment income</b>	4	<u>314,062</u>	<u>188,026</u>
Administrative expenses		<u>314,062</u>	<u>188,026</u>
<b>Net income for the year</b>	5	<u>-</u>	<u>-</u>
		<u>1,306,057</u>	<u>207,513</u>

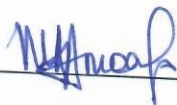
The notes on pages 11 to 21 are an integral part of these financial statements.

**Settlement Guarantee Fund**  
Financial statements  
for the year ended 31 December 2019

**STATEMENT OF NET ASSETS AVAILABLE TO MEMBERS**  
(All amounts are in Ghana cedis)

Assets	Note	<u>At 31 December</u>	
		2019	2018
Cash and cash equivalents	6	397,910	53,397
Contributions receivable	7	25,000	11,334
Financial assets at amortised cost	8	<u>2,460,686</u>	<u>1,500,308</u>
<b>Total assets</b>		<b><u>2,883,596</u></b>	<b><u>1,565,039</u></b>
<b>Current liabilities</b>			
Accounts payable	9	<u>12,500</u>	-
<b>Total current liabilities</b>		<b><u>12,500</u></b>	<b><u>-</u></b>
<b>Net assets available to members</b>		<b><u>2,871,096</u></b>	<b><u>1,565,039</u></b>
<b>Represented by:</b>			
<b>Members funds</b>		<b><u>2,871,096</u></b>	<b><u>1,565,039</u></b>

The financial statements on pages 7 to 21 were approved for issue by the Trustees on 25 November 2020 and signed on their behalf by:



Trustee



Trustee

The notes on pages 11 to 21 are an integral part of these financial statements.

**Settlement Guarantee Fund**  
Financial statements  
for the year ended 31 December 2019

**STATEMENT OF CHANGES IN MEMBERS FUNDS**  
(All amounts are in Ghana cedis)

	Note	<u>Year ended 31 December</u>	
		2019	2018
<b>Net assets available to members</b>			
Balance at start of the year		1,565,039	1,357,526
Increase in the year		<u>1,306,057</u>	<u>207,513</u>
<b>Balance at end of year</b>		<u><b>2,871,096</b></u>	<u><b>1,565,039</b></u>

The notes on pages 11 to 21 are an integral part of these financial statements.



**Settlement Guarantee Fund**  
Financial statements  
for the year ended 31 December 2019

**STATEMENT OF CASH FLOWS**  
(All amounts are in Ghana cedis)

	Note	<b>Year ended 31 December</b>	
		<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>			
Contribution from members	10	<b>991,995</b>	19,487
(Increase)/decrease in contribution receivable	7	<b>(13,666)</b>	3,500
Increase in accounts payable	9	<b><u>12,500</u></b>	<u>-</u>
Net cash generated from operating activities		<b><u>990,829</u></b>	<u>22,987</u>
<b>Cash flows from investing activities</b>			
Purchase of financial assets	8	<b>(3,792,116)</b>	(2,736,542)
Proceeds from maturities of financial assets	8	<b><u>3,145,800</u></b>	<u>2,762,800</u>
Net cash used in investing activities		<b><u>(646,316)</u></b>	<u>26,258</u>
<b>Increase in cash and cash equivalents</b>		<b><u>344,513</u></b>	<u>49,245</u>
<b>Movement in cash and cash equivalents</b>			
At start of year			
Increase in cash and cash equivalents	6	<b>53,397</b>	4,152
At end of year	6	<b><u>344,513</u></b>	<u>49,245</u>
		<b><u>397,910</u></b>	<u>53,397</u>

The notes on pages 11 to 21 are an integral part of these financial statements.

**Settlement Guarantee Fund**  
Financial statements  
for the year ended 31 December 2019

**NOTES**

**1. Fund Information**

The Settlement Guarantee Fund is a guarantee fund established and maintained by the Central Securities Depository (GH) Limited for the purpose of providing an indemnity against default in respect of payments for or delivery of securities by a depository participant and of obligations of participants towards the central securities depository as stipulated under the Central Securities Depository Act, 2007 (Act 733). The address of its registered office is Cedi House, Accra.

As at 31 December 2019, the number of members of the Fund was sixty-seven.

**2. Summary of significant accounting policies**

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

**(a) Basis of preparation**

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustees.

The financial statements are presented in Ghana Cedis (GH¢). The financial statements have been prepared under the historical cost convention, except as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Governing Board of Trustees to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

**(b) Changes in accounting policy and disclosures**

**i) New and amended standards adopted by the Fund**

There are no new IFRSs and International Financial Reporting Interpretation Committee (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 January 2019 that would be expected to have an impact on the financial statements.

**ii) New and amended standards not yet adopted by the Fund**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Fund. These standards are not expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.



**NOTES (continued)**

**2. Summary of significant accounting policies (continued)**

**(b) Changes in accounting policy and disclosures (continued)**

ii) New and amended standards not yet adopted by the Fund (continued)

*Definition of Material – Amendments to IAS 1 and IAS 8*

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

*Revised Conceptual Framework for Financial Reporting*

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Fund.



**Settlement Guarantee Fund**  
Financial statements  
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**NOTES (continued)**

(All amounts are in Ghana cedis unless otherwise stated)

**2. Summary of significant accounting policies (continued)**

**(c) Contributions**

Contributions from members are accounted for in the period in which they fall due.

**(d) Settlement**

Settlements payable to seceding members are recognised as liabilities in the period in which they fall due.

**(e) Income from investments**

Interest income is recognised for all interest bearing instruments using the effective interest method. Interest income includes coupons earned on fixed income investments and accrued discount and premium on treasury bills and other discounted instruments.

Dividend income for equity investments is recognised when the right to receive payment is established.

**(f) Financial assets and liabilities**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Fund commits to purchase or sell the asset.

At initial recognition, the Fund measures a financial asset or financial liability at its fair value plus or minus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the Fund recognises the difference as follows:

- (a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- (b) In all other cases, the differences is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.



**NOTES (continued)**

(All amounts are in Ghana cedis unless otherwise stated)

**2. Summary of significant accounting policies (continued)**

**(f) Financial assets and liabilities (continued)**

**Classification and subsequent measurement**

**Financial assets**

The Fund applies IFRS 9 and classifies its financial assets at amortised cost.

The classification depends on the Fund's business model for managing the financial assets and the contractual terms of the cash flows.

The Fund classifies its financial assets at amortised cost only if the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest.

The business model reflects how the Fund manages the assets in order to generate cash flows. Factors considered by the Fund in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to the Board of Trustees, how risks are assessed and managed.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test').

**Impairment**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Fund uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Fund's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**Financial liabilities**

The Fund's holding in financial liabilities represents mainly advance payment of contribution. Such financial liabilities are initially recognised at fair value and subsequently measured at amortised cost.

**Derecognition**

The Fund derecognises a financial asset when the contractual rights to the cash flows from these asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

**Settlement Guarantee Fund**  
Financial statements  
for the year ended 31 December 2019

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**NOTES (continued)**

(All amounts are in Ghana cedis unless otherwise stated)

**2. Summary of significant accounting policies (continued)**

**(f) Financial assets and liabilities (continued)**

**Offsetting financial instruments**

Financial assets and liabilities are set off and the net amount presented in the net assets available for settlement when, and only when, the Fund has a legal right to set off the amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Fair value measurement**

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined using valuation techniques.

**(g) Cash and cash equivalents**

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

**(h) Provisions**

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



**Settlement Guarantee Fund**  
Financial statements  
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**NOTES (continued)**

(All amounts are in Ghana cedis unless otherwise stated)

**3. Critical accounting estimates and judgements**

The Fund's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the financial statements.

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

*Financial assets and liabilities classification*

The Fund's accounting policies provide scope for assets and liabilities to be designated at inception into the accounting categories in certain circumstances. In classifying financial assets as hold to collect, the Fund has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policy.

This classification requires significant judgement. If the Fund were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Fund is required to reclassify the entire category as hold to collect and sell. Accordingly, the investments would be measured at fair value instead of amortised cost.

*Determining fair values*

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation models as described in Note 2.f.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The Fund's accounting policy on fair value measurements is discussed in Note 2.f.

**Settlement Guarantee Fund**  
Financial statements  
for the year ended 31 December 2019

**NOTES (continued)**

(All amounts are in Ghana cedis unless otherwise stated)

<b>4. Investment income</b>	<b>2019</b>	<b>2018</b>
Interest income earned on treasury bills and bonds	<b><u>314,062</u></b>	<b><u>188,026</u></b>
<b>5. Administrative expenses</b>		
All expenses of the Fund are charged to the Administrator of the Fund. Fees paid by the Administrator on behalf of the Fund for the year ended 31 December 2019 are audit fees of GH¢15,926 (2018: GH¢12,123)		
	<b>2019</b>	<b>2018</b>
<b>6. Cash and cash equivalents</b>		
Cash at bank	<b><u>397,910</u></b>	<b><u>53,397</u></b>
<b>7. Contributions receivable</b>		
Outstanding contributions from depository participants	<b><u>25,000</u></b>	<b><u>11,334</u></b>
All contributions outstanding are current.		
<b>8. Financial assets at amortised cost</b>		
Treasury bill maturing after 91 days of purchase	<b><u>2,460,686</u></b>	<b><u>1,500,308</u></b>
The movement in financial assets is as follows:		
At start of year	<b>1,500,308</b>	1,338,540
Purchases at cost	<b>3,792,116</b>	2,736,542
Redeemed upon maturity	<b>(3,145,800)</b>	(2,762,800)
Interest income	<b><u>314,062</u></b>	<b><u>188,026</u></b>
<b>At end of year</b>	<b><u>2,460,686</u></b>	<b><u>1,500,308</u></b>



**Settlement Guarantee Fund**  
Financial statements  
for the year ended 31 December 2019

**NOTES (continued)**

(All amounts are in Ghana cedis unless otherwise stated)

**9. Accounts payable**

	2019	2018
Advance payment of contributions	<u>12,500</u>	<u>-</u>
Accounts payable are current.		

**10. Members' account**

Members' account comprises contributions received and receivable from depository participants operating in the Securities Market. Contributions represent funding from depository participants in accordance with the guidelines of the Settlement Guarantee Fund as approved by the Securities and Exchange Commission of Ghana.

Details of contributions from members is as follows:

	2019	2018
Contributions received	966,995	19,487
Contributions receivable	<u>25,000</u>	<u>-</u>
	<u>991,995</u>	<u>19,487</u>

**11. Related party transactions**

Related parties comprise the Trustees and Central Securities Depository (GH) Limited.

The following transactions were carried out with related parties during the year:

	2019	2018
Contribution due and received from Central Securities Depository (GH) Limited	<u>500,000</u>	<u>-</u>

No amount has been paid or are payable to the Trustees of the Fund.

**12. Income taxes**

The tax liability of income accruing to the Fund is payable by members of the Fund based the allocation by Central Securities Depository (GH) Limited.

**13. Financial risk management objectives and policies**

The Trustees have overall responsibility for the establishment and oversight of the Fund's risk management framework. The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to these limits.

The Trustees, through standards and procedures, aim to develop a disciplined and constructive control environment, in which all Trustees understand their roles and obligations. The Trustees are responsible for monitoring compliance with risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to risks faced by the Fund.



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**NOTES (continued)**

(All amounts are in Ghana cedis unless otherwise stated)

**13. Financial risk management objectives and policies (continued)**

**Market risk**

*Interest rate risk*

The Fund's investments in bank deposits and fixed rate government bonds expose it to cash flow interest rate risk. The investment managers advise the Trustees on the appropriate balance of the portfolio between these fixed interest rate investments. The Fund has no interest-bearing liabilities.

At 31 December 2019, an increase/decrease in interest rates of 1% with all other variables held constant would have resulted in an increase/decrease in net assets available for settlement of GH¢19,374 (2018: GH¢11,133) arising substantially from cash flows on these investment securities.

*Price risk*

The exposure to equity securities price risk arises from investments held by the Fund at fair value through profit or loss. The fund has no exposures to price risk.

**Credit risk**

The Fund invests in Government of Ghana bonds, treasury bills and fixed deposits issued by financial institutions licensed by the Bank of Ghana. Financial assets exposed to credit risk are as follows:

	2019	2018
Cash and cash equivalents	397,910	53,397
Treasury bills	2,460,686	1,500,308
Contributions receivable	<u>25,000</u>	<u>11,334</u>
	<b><u>2,883,596</u></b>	<b><u>1,565,039</u></b>

The financial instruments and contributions receivable are neither past due nor impaired.

**Liquidity risk**

Prudent liquidity risk management includes maintaining sufficient cash balances to cover anticipated settlement payments.

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**13. Financial risk management objectives and policies (continued)**

Financial instruments by category

**At 31 December 2019**

**Hold to collect**

Financial assets at amortised cost	
Contributions receivable	2,460,686
Cash and cash equivalents	25,000
	<u>397,910</u>
	<u>2,883,596</u>

**At 31 December 2018**

Financial assets at amortised cost	
Contributions receivable	1,500,308
Cash and cash equivalents	11,334
	<u>53,397</u>
	<u>1,565,039</u>

The carrying amounts of contributions receivable and cash and cash equivalents approximate their fair values. Contributions due are non-interest bearing and are current. The fair value of financial assets at amortised cost at the reporting date amounts to GH¢2,414,988 (2018: GH¢1,499,437).

The financial liabilities of the Fund as at 31 December 2019 set out below has been classified as financial liabilities measured at amortised cost.

	<b>2019</b>	<b>2018</b>
Accounts payable	<u>12,500</u>	<u>-</u>

**14. Capital risk management**

The capital of the Fund is represented by the net assets available for settlement. The amount of net assets available for settlement can change significantly on a monthly basis, as the Fund is subject to monthly contributions and redemptions at the discretion of the Trustees. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide settlement for members and maintain a strong capital base to support the development of the investment activities of the Fund. In order to maintain or adjust the capital structure, the Fund's policy is to monitor the level of monthly contributions and redemptions relative to the assets it expects to be able to liquidate.

The Trustees monitor capital on the basis of the value of net assets attributable to members.

**15. Commitments and contingencies**

There were no outstanding commitments or contingencies as at 31 December 2019.

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**NOTES (continued)**

(All amounts are in Ghana cedis unless otherwise stated)

**16. Events after the reporting period**

It is envisaged that the COVID 19 pandemic will most likely have an impact on the economy of Ghana. The Trustees have however assessed the impact of the pandemic on the Fund to be immaterial.

The Trustees are not aware of any other material events that have occurred between the date of the statement of net assets available to members and the date the financial statements are approved.