



ANNUAL REPORT

& Financial Statements 2022

OctaneDC Bond Fund

**Annual Financial Statements for the Year
Ended 31 December 2022**

**In compliance with
The Companies Act, 2019 (Act 992)**

DECEMBER, 2022

Table of Content

Index

Notice	4
Chairman's Report	6
Fund Manager's Report	10
Directors' Responsibilities and Approval	16
Directors' Report	18
Independent Auditor's Report	20
Statement of Financial Position	23
Statement of Profit or Loss and Other Comprehensive Income	24
Statement of Changes in Net Assets attributable to Fund Investors	25
Statement of Cash Flows	26
Accounting Policies	27

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixth (6th) Annual General Meeting (AGM) of **OctaneDC Bond Fund PLC** will be held **VIRTUALLY** (via Zoom) on Wednesday, October 25, 2023 at 11:00 a.m. to transact the following business:

Agenda:

1. To receive and consider the report of the Directors.
2. To receive and consider the report of the Auditors and the Audited Financial Statements for the year ended December 31, 2022.
3. To re-elect Directors.
4. To approve Directors' fees.
5. To change the name of the Fund to "PINNACLE Balanced Fund"
6. To authorize Directors to fix the remuneration of the Auditors.
7. To transact any other business to be dealt with at an Annual General Meeting;.

BY ORDER OF THE BOARD



ACCOUNTINGWEB CONSULT

BOARD SECRETARY ACCRA
Dated this 2nd Day of October, 2023

Note:

Members are to visit [CIDAN Investment Ltd. \(cidaninvestments.com\)](https://cidaninvestments.com) to register and receive their ZOOM log-in credentials as well as further information on Proxy Votes

Distribution

All Members, All Directors and the External Auditors

General Information

Country of Incorporation and Domicile

Ghana

Directors

Rev. Thomas Dzoletso Kwami - Chairperson
Eunice-Sylvia Yamson – Member
Stephen Nketia Kyere – Member

Secretary

AccountingWeb Consult
P. O. Box KN 1751
Kaneshie

Independent Auditors

EAK & Associates
Chartered Accountants
Behind Bestpoint Savings and Loans Limited
Mile 7, Achimota
P. O. Box AH 1246 Achimota

Fund Manager

CIDAN Investments Ltd
No. 261 Haatso
North Legon, Accra

Fund Custodian

CAL Bank Plc.
23 Independence Avenue
Accra

Solicitors

Amafu - Dey @ Law, No.B811/10
Feo Oyeo Street, North Kaneshie
Accra, Ghana

Registered Office

House No. 261, North Legon-Accra
off the Atomic Kwabenya Road
P. O. Box CT 7991, Cantonments, Accra

Chairman's Report

Distinguished Shareholders,

I welcome you all to the 6th Annual General Meeting of the OctaneDC Bond Fund PLC.

It is with great privilege that I once again present to you, on behalf of your Board of Directors, the Annual Report of the Fund for the financial year ended December 31, 2022.

The year 2022 presented us with challenges which impacted negatively not only our Fund but the economy as a whole. In spite of the challenges, our Fund remained sustainable within the entire financial ecosystem. Notwithstanding, the Fund's performance was dented largely by difficulties in our macro-economic environment.

The Global Economic Environment

The year 2022 happened to be another very challenging year for the global economy. The Geopolitical tensions, supply chain constraints and continued tightening of monetary policies across countries aggravated the economic challenges encountered in 2021. This led to capital outflows from many emerging markets with weak macroeconomic fundamentals.

Global price pressures intensified with headline inflation rising above targets in several advanced and emerging market economies, broadly reflecting rising energy prices, resurgence in global demand and supply chain constraints.

Sovereign debt levels witnessed general increases, as countries struggled to cope with the worsening economic environment. Debt levels for several emerging economies reached unsustainable levels, which threatened the global ecosystem. Several countries approached the International Monetary Fund (IMF) for various support programs, whilst others signed onto the World Bank's Debt Service Suspension Initiative (DSSI) to help bring their debt levels to sustainable levels.

Many Emerging Markets and Developing Economies (EMDEs) were confronted with very challenging external environment amid the sharp appreciation of the U.S dollar which added to domestic price pressures and cost of living crisis. Global economic growth ended 2022 at 3.2%, a significant drop from the 6.0% recorded in 2021.

The Domestic Economic Environment

On the domestic front, Ghana's economy witnessed a further nosedive for the year 2022. Growth was subdued on the back of rising inflation, high interest cost, plummeting currency, balance of payment difficulties, declining reserves, unsustainable debt levels and high fiscal deficit. Overall real economic growth for the year was 3.1% compared with real GDP growth of 4.5% in 2021.

The distress level of Ghana's debt as well as the balance of payment difficulties led to a downgrade of its sovereign debt ratings to junk status by international rating agencies like Fitch, Moody's and S&P and this further escalated the Government's liquidity and debt sustainability difficulties. This accelerated Ghana's risk of default of its debt. These developments forced the Government to apply for a bailout program from the IMF to restore macro-economic stability and investor confidence to enable a return to the international capital market.

The Government secured a Staff Level Agreement with the IMF in the latter stages of the year, pending a Board Level approval which was dependent on certain conditionalities including the successful implementation of a Domestic Debt Exchange Program (DDEP) aimed at restoring Government's debt stock to sustainable levels. The Government could not fully

implement the DDEP in 2022, because the initial terms proposed by Government were not favourable to holders of the domestic bonds. Implementation of the program was therefore extended to 2023.

Inflation Developments

The country reported a record high inflation in 2022 on the back of a depreciating currency, rising cost of food, housing, electricity, water and fuel. Consumer inflation increased from 12.6% at the beginning of the year to 54.1% in December 2022, which was significantly above Government's revised end of year target of 28.5%.

Interest Rate Developments

Average lending rates of banks increased to 35.58% in December 2022 from 20.04% in the same period of 2021.

Interest rates on Government securities registered a sustained upward trend between the period January to December 2022 on the back of Government's sustained borrowing appetite in the primary market to retire maturing securities and also bridge its financing gap. Yields on the 91-day bill, 182-day bill and 364-day bill which were 12.53%, 13.21% and 16.64% respectively at the beginning of the year increased to 35.36%, 35.98% and 35.89% at year-end respectively.

The Bank of Ghana (BoG) raised its policy rate by 1250 basis points (bps) to 27.0% in December 2022, from 14.5% in December 2021, in their bid to reduce inflationary pressures on the economy.

Fund's Performance

Your Fund posted a net return of 9.08% in 2022, in spite of the difficult operating environment during the year. The year was characterised by panic withdrawals resulting from worsening economic conditions, regulatory actions and the announcement by government to implement the Domestic Debt Exchange Program. Funds under management increased marginally by 6.63% from GH¢3.42 million in 2021 to GH¢3.65 million in 2022.

Change of Fund Manager & Acknowledgements

Distinguished Shareholders, it would be recalled that during our Annual General Meeting last year, a resolution was passed to appoint a new Fund Manager, on the back of the imminent exit of OctaneDC Limited, our Fund Manager then. I am pleased to inform you that the process to appoint a new Fund Manager has been completed and that effective January 2023, CIDAN Investments Limited took charge of your Fund as the new Fund Manager.

On behalf of the Board of Directors and on my own behalf I wish to express our sincere thanks

and appreciation to the Management and Staff of OctaneDC Limited for their efforts and expertise, and the significant steps taken to ensure growth of the Fund. We also thank them for assisting in the smooth transition of the Fund to the new Manager. Ayekoo!!! Job well done.

To our new Fund Manager, CIDAN Investments Limited, we welcome you to the OctaneDC Bond Fund family, and we urge you to continue with the good work of your predecessor, and help grow the Fund to greater heights. We once again welcome you and look forward to working together to ensure continuous growth of the Fund and to create greater value for shareholders.

Outlook for 2023

We expect the challenges encountered in 2022 to still persist in most part of 2023. Additionally, the implementation of the DDEP will impact negatively on Ghana's financial sector due to the heavy exposure of Banks, Insurance companies, Pension Funds and Collective Investment Schemes to Government debt. It is estimated that 42.1% of government domestic debt is held by these entities.

The above-mentioned challenges will further constrain liquidity in 2023 which will impact negatively on redemptions for the year.

We however expect that approval of the Government's program submitted to the IMF will ease the economy's recovery process, which will lead to improvement in our operating environment.

We are therefore cautiously optimistic of a turnaround in the performance of the Fund in 2023. I would like to assure shareholders that the Board is committed to ensuring that the OctaneDC Bond Fund continues to deliver competitive returns to you.

Additionally, the Fund Manager has proposed a new asset allocation policy aimed at positioning the Fund to be more liquid whilst delivering competitive returns. I encourage you to approve this proposal for implementation.

Closing Remarks

Distinguished Shareholders, thank you once again for entrusting us with the oversight responsibility of your Fund.

We remain hopeful of a positive year, despite the current uncertainties in the global and domestic economy.

I would like to thank my fellow Board members for their support in steering the affairs of the Fund in 2022, and I wish them another good year in 2023.

Thank you very much.



Thomas Kwami

Board Chairman, OctaneDC Bond Fund Plc

FUND MANAGER'S REPORT

For the year ended December 2022

MACRO-ECONOMIC ENVIRONMENT

Ghana's economy came under severe pressure in 2022 due to the interplay of global factors and a host of domestic factors, including fiscal slippages, high food and energy prices, weaker currency and falling international reserves. The situation was aggravated by the strengthening of the USD globally and increases in interest rates in the United States and Europe leading to the reversal of capital from the domestic economy.

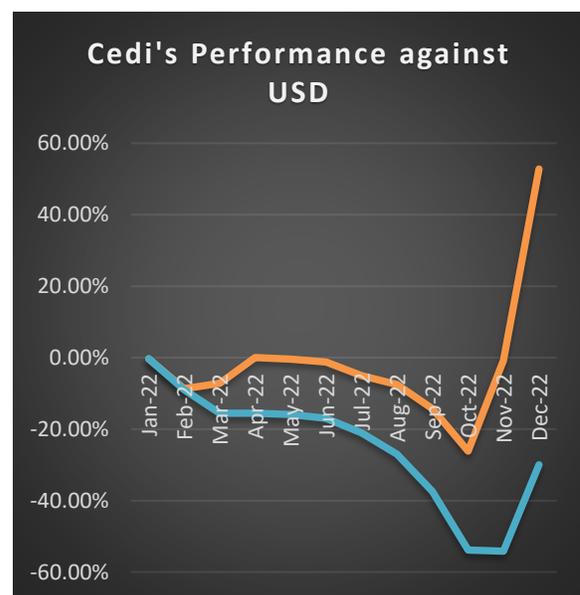
Ghana's debt levels reached unsustainable levels in the year due to a sustained period of borrowing to finance Government's high deficit levels. This led to the downgrade of the country's credit ratings by international rating agencies, which further eroded investor confidence and restricted the country's access to the international capital markets leading to a sharp depreciation of the Cedi.

Consequently, the Government applied for a 3-year bailout program from the IMF and Secured a Staff Level Agreement in December.

The above-mentioned challenges resulted in slow economic growth of 3.1% in 2022, compared with 4.5% the previous year.

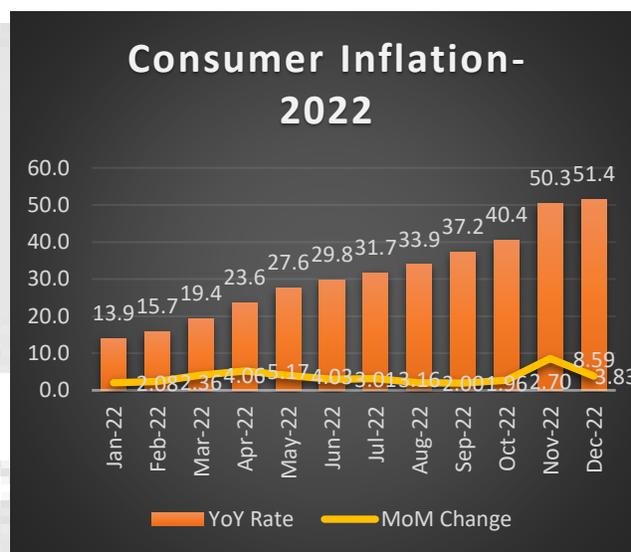
Exchange Rate Development

The Cedi was under intense pressure from the major trading currencies from January to November, but rallied strongly in December to close the year on a high note. It depreciated by 29.97%, 21.19% and 25.34% against the USD, GBP and Euro respectively for the year. This compared with depreciations of 4.09% and 3.11% against the USD and the GBP respectively, and appreciation of 3.46% against the Euro.



Inflation

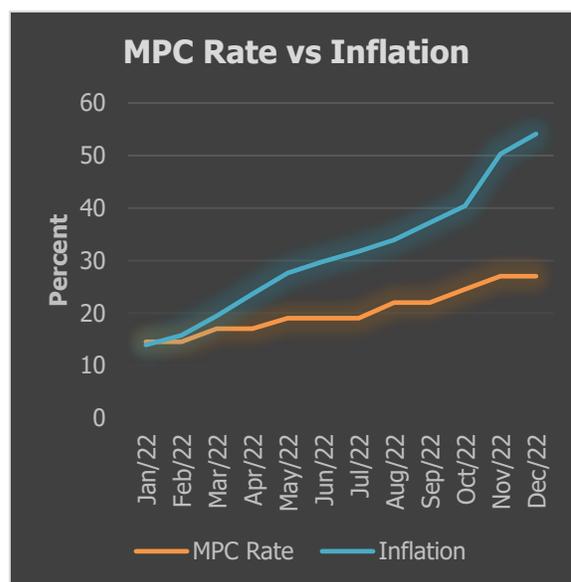
Headline inflation rose from 12.6% in December 2021 to 54.1% in December 2022 on the back of persistent increases in petroleum prices, food prices, transport fares, utility prices, cost of housing and continuous depreciation of the Cedi. Average inflation rate for the year was 30.02%.



Interest Rate Development

Interest rates rose to record levels during year. The Bank of Ghana cumulatively hiked its policy rate by 1250bps for the year, from 14.5% at year open to 27.0% as at December 2022 in an effort to curb inflationary pressures on the economy. On the Treasury market, yields on short-term Government securities recorded sharp increases in 2022 as the Government increased

its borrowing from the domestic market to finance its budget due to the inaccessibility of the international capital market. Yields on the 91-Day, 182-Day and 364-Day Treasury bills surged from 12.53%, 13.21% and 16.64% at year open to 35.36%, 35.98% and 35.89% respectively at year end.



Public Debt

Ghana’s stock of public debt remained elevated at unsustainable levels on the back of consistent budgetary overruns over the years, which had largely been financed by sustained borrowings. Public debt increased by 23.54% from GH¢351.8 billion (59.5% of GDP) at the beginning of 2022 to GH¢434.6 billion (71.2% of GDP), as at December 2022. The Government is engaging with domestic and foreign creditors to restructure its domestic and foreign debt as part of the conditions to secure the bailout program from the IMF.

International Reserves

The country’s foreign reserves position deteriorated over the period December 2021 to December 2022. Gross International Reserves stood at US\$6.2 billion, equivalent to 2.7 months of import cover at the end of December 2022, compared with a stock position of US\$9.7 billion, equivalent to 4.4 months of import cover recorded at the end of December 2021. Net International Reserves also decreased from US\$6.1 billion in December 2021 to US\$2.4 billion in December 2022.

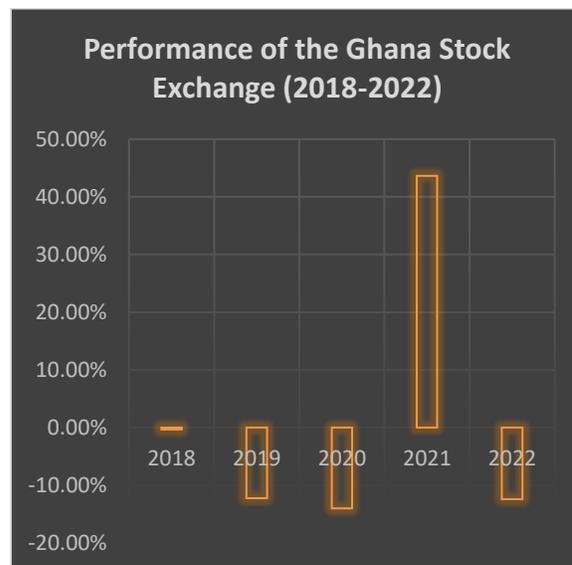
Stock Market Performance

Ghana’s stock market closed weaker for the year on the back of price declines in fifteen (15) stocks. The Ghana Stock Exchange Composite Index (GSE-CI) posted a loss of 12.38% at the end of the year, compared with a gain of 43.66% in 2021.

The Ghana Stock Exchange Financial Stocks Index (GSE-FSI) also posted a loss of 4.61%, compared with a gain of 20.70% a year ago.

SIC Insurance Company topped the advancers chart with a return of 287.50% for the year. Trust Bank Gambia Ltd followed with a return of 135.29% while New Gold came third with a return of 100.55%. Cal Bank PLC, Produce Buying Company and Unilever Ghana were the worst-performing stocks, posting returns of

-25.29%, -33.33% and -34.13% respectively for the year.



Industry Review

The financial services industry was not spared from the happenings in the economy during the year. The industry was inundated with increased redemption requests on the back of the challenging economic environment. This challenge was worsened by the imminent haircut on Government securities; emanating from the proposed debt restructuring offer from Government.

The increased client redemptions necessitated the sale of investment securities ordinarily designated as held to maturity to fund these redemptions. This led to significant drop in bond prices resulting in deep losses on portfolios under management.

In response, the Securities and Exchange Commission (SEC), directed Fund Managers, Custodians and Trustees to use Fair Value through Other Comprehensive Income (FVOCI) or Mark-to-Market valuation model to value portfolios of Collective Investment Schemes (Unit Trusts and Mutual Funds). This directive was to ensure that the portfolios reflect market values, as well as protect investors of Collective Investment Schemes. This valuation method resulted in a drastic drop in the prices of collective investment schemes that were significantly exposed to medium to long term listed bonds.

Economic Outlook for 2023

The global economic outlook remains uncertain on the back of elevated inflation, policy tightening, worsening financing conditions, and lingering spillover effects of geopolitical tensions. These headwinds are likely to persist through the first half of 2023, driving down confidence and weakening real household disposable incomes in advanced and emerging market economies.

On the domestic front, we expect the Government's deal with the IMF to go through by first quarter of 2023. This is expected to impact the economy positively by boosting investor confidence and bringing some stability to the local currency and the general economy.

REVIEW OF THE FUND

Investment Objective & Strategy

The objective of the Fund is to provide the investing public with investments that have minimal risk, provide stable income, and preserve capital.

The Fund seeks to achieve its objectives through investment in a diversified portfolio of Government Bonds, Treasury and Cocoa Bills. This strategy, thus, provides the Fund Manager with the flexibility to invest in a combination of high interest yielding fixed income and money market instruments, and maximizing returns at minimal risk levels.

Fund Asset Allocation and Performance

Distinguished Shareholders, Your Fund for the year ended 2022, closed at a price of GH¢1.2969, reflecting a return of 9.08% (net of fees and all other expenses) compared with the prior-year return of 12.26% and the average 91-day TB yield of 23.88% for the year 2022. The return for the year was significantly dented by the mark-to-market valuation as it resulted in huge losses to the Fund, due to the significantly low bond prices during the year.

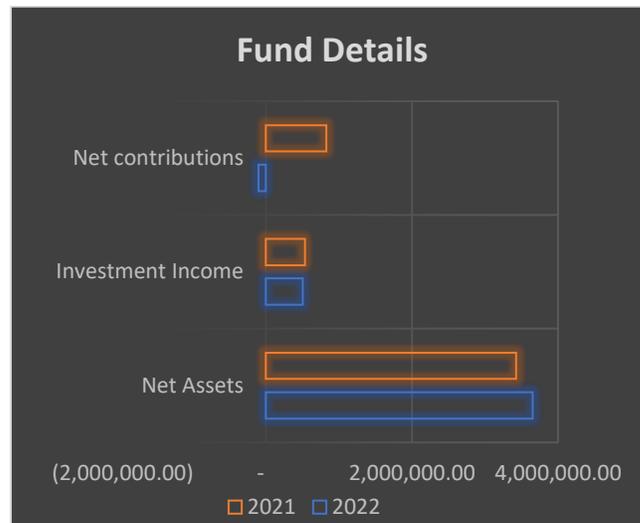
The Fund witnessed heavy redemptions during the year due mainly to the overall unstable economic state of the country, enforcement of the mark-to-market valuation method and panic

withdrawals after the announcement of Ghana’s DDEP.

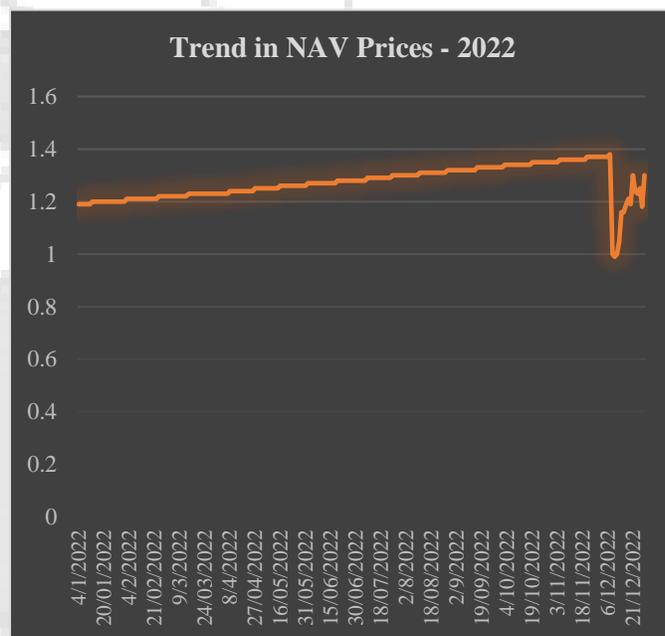
The Fund witnessed a 3.53% increase in Net Assets, from GH¢3.42 million in 2021 to GH¢3.54 million, as at the close 2022. Thirty-three (33) new retail shareholders were added to the Fund during the period under review, whilst three (3) institutional shareholders exited

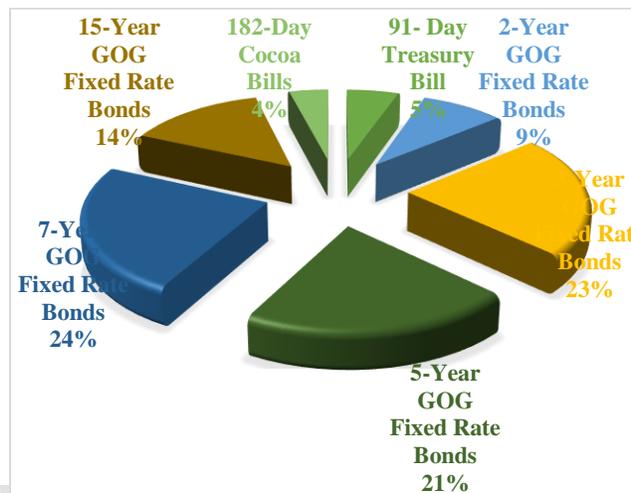
	Dec, 2022	Dec, 2021	Chg (%)
	GH¢	GH¢	
Net Assets	3,546,412.00	3,425,643.29	3.41
NAV/unit	1.2969	1.1892	9.06
Expense ratio	3.51%	3.46%	
Net contributions	(102,171)	829,429	
Clients:			
Institutional	17	20	
Retail	163	130	

Source: Fund Manager



The Fund, in line with its objective and the strategy to invest in a diversified portfolio of treasury instruments (both short, medium and long term) held 87.46% and 7.46% in Government Treasury Notes & Bonds, and Treasury Bills respectively and Cash and cash equivalents accounted for 5.08% of the total Fund.





Strategic Direction for 2023

Despite the challenges encountered during the year, 2022 was a fruitful year for the Fund.

We intend to expand our funds mobilization to include additional collection accounts and other advanced payment platforms which will bring convenience to our clients.

Secondly, the ODC BF needs to change its focus and strategy in the wake of market developments in 2022 to improve liquidity and also make the Fund more competitive.

In this light, the Fund Manager has proposed a revised asset allocation mandate which has already been approved by the Board of Directors, for consideration by Shareholders of the Fund.

The proposed asset allocation mandate is aimed at changing the focus of the Fund towards a balanced fund to accommodate better

diversification and improve returns to Shareholders.

The new strategy will be looking to invest shareholder funds into other asset classes which include Equities, Certificates of deposits, amongst others.

Additionally, we wish to propose a change of the Fund’s name from OctaneDC Bond Fund to **PINNACLE Balanced Fund** to reflect the proposed new direction.

Furthermore, as Fund managers, we shall continue to commit to prudent investments to always deliver competitive returns which commensurate the risks to you.

We believe the year ahead may be challenging but we are firmly determined to grow your fund and make it rewarding. To this end, we wish to encourage you to continue to invest in the Fund.

We are committed and together, we shall build the sound financial future that we all seek.

Thank you.

The Fund Manager.

Directors' Responsibilities and Approval

The Directors are required by the Companies Act, 2019 (Act 992) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the Company, and explain the transactions and financial position of the business of the Company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the Company and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the Company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner.

The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance

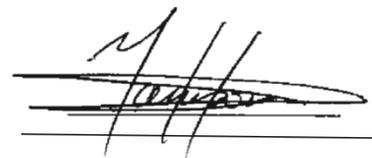
against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources, the directors have no reason to believe that the Company will not be a going concern in the foreseeable future. The financial statements support the viability of the Company.

The annual financial statements have been audited by the independent auditing firm, EAK & Associates, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders, the directors and committees of the directors. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report, the annual financial statements and the supplementary in-

formation have been prepared on the going concern basis, were approved by the directors and were signed on the 3rd of May 2023 on their behalf by:

A handwritten signature in black ink, appearing to read 'T. Kwami', written over a horizontal line.

Rev. Thomas Dzoletso Kwami – Chairperson

A handwritten signature in black ink, appearing to read 'Eunice-Sylvia Yamson', written over a horizontal line.

Eunice-Sylvia Yamson – Member

Director's Report

The directors present their report for the year ended 31 December 2022

1. Review of financial results and activities

Main business and operations

The Company's principal activities are investing members' monies for their mutual benefits and to hold and arrange for the management of securities and other properties acquired with the monies. There were no major changes herein during the year.

The Fund's net assets attributable to Fund investors for the year 31 December 2022 was GHS 3,546,412 (2021: GHS 3,425,527). The Fund's income decreased from GHS 534,930 in the prior year to GHS 504,806 for the year ended 31 December 2022.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the Company.

4. Directors' interest in contracts

The following directors hold investment interests as at 31st December, 2022;

Names	Units	Amounts
Rev. Thomas Dzoletto Kwami	2,310	2,278
Stephen Nketia Kyere	5,882	5,800

5. Dividend

No dividend was declared or paid to shareholders during the year.

6. Directors

The directors of the Company during the year and up to the date of this report are as follows:

Rev. Thomas Dzoletto Kwami	Chairperson
Eunice-Sylvia Yamson	Member
Stephen Nketia Kyere	Member

7. Secretary

The Company designated secretary is AccountingWeb Consult.

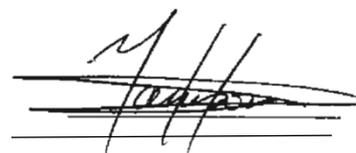
8. Independent Auditors

Messrs EAK & Associates have indicated their willingness to continue in office as auditors of the Company and in accordance with section 139 (5) of the Companies Act, 2019 (Act 992) they so continue.

Approved by the directors on 3 May 2023 and signed on its behalf by:



Rev. Thomas Dzoletto Kwami - Chairperson



Eunice-Sylvia Yamson – Member

Independent Auditor's Report To the Shareholders of OctaneDC Bond Fund

Opinion

We have audited the financial statements of OctaneDC Bond Fund which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in net assets attributable to fund investors and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Companies Act, 2019 (Act 992) and the Securities Industries Act, 2016 (Act 929).

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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics

for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ghana, we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are 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 and will 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.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2019 (Act 992) and the Securities Industries Act, 2016 (Act 929), and for such internal control as the directors 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 directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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.
- 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 directors 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.

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

Emmanuel Adadey (ICAG/P/1449).

**For and on behalf of EAK & Associates
(ICAG/F/2023/281)**

Chartered Accountants

Behind Bestpoint Savings and Loans Limited

Mile 7, Achimota

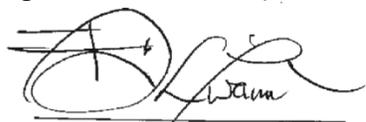
P. O. Box AH 1246 Achimota

3 May 2023.

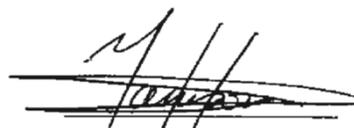
Statement of Financial Position

Figures in GHS	Notes	2022	2021
Assets			
Cash and cash equivalents	4	189,146	56,684
Fair Value Through Profit and Loss Investments	5	-	1,767
Investments Held at Amortised Cost	6	3,377,949	3,385,988
Total assets		3,567,095	3,444,439
Liabilities			
Other payables	7	20,683	18,912
Total liabilities		20,683	18,912
Total Assets less liabilities		3,546,412	3,425,527
Represented by:			
Net Assets Attributable to Fund Investors		3,546,412	3,425,527

The financial statements and notes on pages 8 to 19 were approved by the directors on 3 May 2023 and signed on its behalf by:



Rev. Thomas Dzoletso Kwami - Chairperson



Eunice-Sylvia Yamson – Member

Statement of Profit or Loss and Other Comprehensive Income

Figures in GHS	Notes	2022	2021
Investment income	8	504,806	534,930
Total investment income		504,806	534,930
Expenses			
Management fees	9	(80,764)	(76,133)
Administrative expenses	10	(44,684)	(42,427)
Impairment loss provision	11	(156,302)	-
Total Operating expenses		(281,750)	(118,560)
Increase in Net Assets attributable to Fund Investors from Operations		223,056	416,370

Statement of Changes in Net Assets attributable to Fund Investors

Figures in GHS	Net assets attributable to Fund Investors	Total
Increase in Net Assets attributable to Fund Investors 1 January 2021	2,179,728	2,179,728
Increase in Net Assets attributable to Fund Investors from Operations	416,370	416,370
Shareholders' Capital contribution	2,953,098	2,953,098
Withdrawals	(2,123,669)	(2,123,669)
Increase in Net Assets attributable to Fund Investors 31 December 2021	3,425,527	3,425,527
Increase in Net Assets attributable to Fund Investors 1 January 2022	3,425,527	3,425,527
Increase in Net Assets attributable to Fund Investors from Operations	223,056	223,056
Shareholders' Capital contribution	1,127,951	1,127,951
Withdrawals	(1,230,122)	(1,230,122)
Increase in Net Assets attributable to Fund Investors from Operations 31 December 2022	3,546,412	3,546,412

Statement of Cash Flows

Figures in GHS	2022	2021
Cash flows from operations		
Net investment income	223,056	416,370
Adjustments to reconcile net investment income		
Investment income (Non-Cash)	(20,221)	(133,201)
Adjustments for increase in other operating payables	1,769	10,688
Total adjustments to reconcile net investment income	(18,450)	(122,513)
Net cash flows from operations	204,606	293,857
Cash flows from / (used in) investing activities		
Purchase of Government Bonds	(727,911)	(2,043,197)
Purchase of Treasury Bills	(766,413)	(1,541,987)
Purchase of Equities	-	-
Redemption of Treasury Bills	1,044,641	964,304
Redemption of Treasury Bonds	477,943	1,470,062
Redemption of Equities	1,767	720
Cash flows from / (used in) investing activities	30,027	(1,150,098)
Cash flows (used in) / from financing activities		
Contributions from Fund Investors	1,127,951	2,953,098
Withdrawals from Fund Investors	(1,230,122)	(2,123,669)
Cash flows (used in) / from financing activities	(102,171)	829,429
Net increase / (decrease) in cash and cash equivalents	132,462	(26,812)
Cash and cash equivalents at beginning of the year	56,684	83,496
Cash and cash equivalents at end of the year	189,146	56,684

Accounting Policies

1. General information

OctaneDC Bond Fund ('the Company') principal activities are investing members' monies for their mutual benefits and to hold and arrange for the management of securities and other properties acquired with the monies.

The Company is incorporated as a Public company and domiciled in Ghana. The address of its registered office is #261 Haatso, North Legon, Accra.

2. Basis of preparation and summary of Significant accounting policies

The financial statements of OctaneDC Bond Fund have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act, 2019 (Act 992) and the Securities Industries Act, 2016 (Act 929). The financial statements have been prepared under the historical cost convention except for financial instruments that are measured at fair value, as explained in the accounting policies below.

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

2.1 Use of Estimates and Judgment

The preparation of financial statements in conformity with IFRS requires management to make judgment, estimates and assumptions that affect the application of policies and report amounts of assets, liabilities, income and expenses. The estimates and the associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2.2 Foreign currency translation - Functional and presentation currencies

The financial statements have been presented in Ghana Cedi. The functional currency of the Company is Ghana cedi.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in

foreign currencies are recognised in profit or loss.

2.3 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Quoted investments

The financial assets at fair value through profit or loss are determined by reference to their quoted bid price at the reporting date. Changes in market values are recognised in the Statement of profit and loss.

Cash and cash equivalents

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

Non-Derivative Financial Liabilities

Fair value, which is determined for disclosure purposes, is calculated on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Instruments with maturity period of 6 months are not discounted as their carrying values approximate their fair values.

2.4 Fair value of Financial instruments

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under IFRS 13 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Fund has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

2.5 Investment income

Dividend Income from investments is recognized when the shareholders' right to receive payment has been established. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable.

2.6 Financial Assets

2.6.1 Financial Assets at Fair Value through Profit or Loss (FVTP&L)

Fair value through profit or loss is the classification of instruments that are held for trading or for which the entity's business model is to manage the financial asset on a fair value basis i.e. to realise the asset through sales as opposed to holding the asset to collect contractual cash flows. Upon initial recognition as financial asset or financial liability, it is designated by the Directors at fair value through profit or loss except for investments that do not have a quoted market price in an active market, and whose

fair value cannot be reliably measured. The Directors have elected to classify all investments in equity under FVTP&L.

2.6.2 Investment Held at Amortised Cost

Investments held at amortised cost are non-derivative financial assets with fixed or determinable payments and fixed maturity. In determining the classification of financial assets to the above class, two test criteria are applied;

Business model test: The objective of the entity's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).

2.6.3 Basis of preparation and summary of significant accounting policies continued...

Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. The Directors have assessed the business model of the Fund and cash flow characteristics of its fixed income investments and elected to classify all fixed income instruments under amortised cost.

2.6.4 Initial Recognition of Financial Asset

Purchase and sales of financial assets held at fair value through profit or loss and liabilities are recognized on the date the Directors commit to purchase or sell the asset. Financial assets are initially recognized at fair value plus directly attributable transaction costs, except for financial assets at fair value through profit or loss.

2.6.5 Subsequent Measurement of Financial Asset

Financial Assets classified as fair value through profit or loss are subsequently measured at fair value with the resulting changes recognized in the Statement of Changes in Net Assets.

2.6.6 De-recognition

Financial assets are derecognized when the right to receive cash flows from the financial assets has expired or where the Fund has transferred substantially all risks and rewards of ownership. Any interest in the transferred financial assets that is created or retained by the Fund is recognized as a separate asset or liability.

Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expired.

2.6.7 Amortized Cost Measurement

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayment, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

2.6.8 Identification and Measurement of Impairment

A financial asset or a group of financial assets are impaired using the “expected credit loss” model, where the Directors calculate the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes.

The Expected Credit Loss Model (ECL) is used in the recognition of impairment losses. The ECL means that on the day an entity recognizes (enters into an investment contract) a financial asset, it has to provide from day 1 credit losses up to 12 months expected credit loss if the financial assets are not credit impaired. When the issuer’s credit risk worsens

due to some observed conditions, then a life-time ECL must be booked.

Objective evidence that financial assets are impaired can include default or delinquency by a debt issuer and other observable data that suggests adverse changes in the payment status of the debt issuer.

The Directors first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Directors determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized, are not included in a collective assessment of impairment.

Future cash flows in a group of financial assets that are collectively valued for impairment are estimated on the basis of the historical loss experience for assets with credit risk characteristics similar to those in the Fund. Historical loss experience is adjusted on the

basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based, and to remove the effects of conditions in the historical period that do not exist currently. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the Statement of Changes in Net Assets.

2.7 Provisions

Provisions are recognized 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.

2.8 Cash and Cash Equivalents

Cash and cash equivalents as referred to in the Cash Flow Statement comprises, current and call accounts with banks.

2.9 Standards, Amendments and Interpretations issued but not yet effective

As at the end of the reporting period, there were no new standards, amendments to standards and interpretations issued but yet to be effective for mutual fund reporting.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes to the Financial Statements

Figures in GHS

2022

2021

4. Cash and cash equivalents

Cash and cash equivalents included in assets:

Call Account	189,146	56,684
--------------	---------	--------

5. Fair Value Through Profit and Loss Investments

Fair Value Through Profit and Loss Investments comprise the following balances

<i>Unilever Ghana Limited</i>	-	1,767
-------------------------------	---	-------

6. Investments Held at Amortised Cost

6.1 Investments Held at Amortised Cost comprise the following balances

Government bonds and notes	3,306,517	2,850,053
Treasury and cocoa bills	290,221	535,935
Fair Value Changes on Fixed Income Securities (See note 6.2)	(218,789)	-
	<u>3,377,949</u>	<u>3,385,988</u>

6.2 Fair Value Changes on Fixed Income Securities

The changes in fair value of fixed income securities were determined based on a fair value measurement at the end of the year. The fixed income securities decreased in value below their initial carrying amount, and were therefore adjusted to their fair value in accordance with IFRS 13: Fair Value Measurement.

7. Other payables**Other payables comprise:**

Fund Manager Fees Payable	4,408	4,925
Custodian Fees Payable	588	622
Fund Administrator Fees Payable	1,322	1,477
Board of Directors` Fees Payable	8,456	6,760
Audit Fees Payable	5,909	5,128
Total Other payables	20,683	18,912

8. Investment income**Investment income comprises:**

Interest on Treasury Bonds	630,319	510,932
Interest on Treasury Bills	77,445	58,474
Loss on disposal of Treasury Bonds	-	(45,750)
Unrealised Gain/(Loss)	(218,789)	(720)
Interest on Bank Deposits	15,872	11,994
Realised loss on sale of equity	(41)	-
Total Investment income	504,806	534,930

*(See note 6.2)***9. Management fees****Management fees comprise:**

Fund Management Fees	56,876	53,593
Fund Administration Fees	17,035	16,078
Custodian Fees	6,853	6,462
Total Management fees	80,764	76,133

10. Administrative expenses**Administrative expenses comprise:**

AGM expenses	1,564	-
Audit Fees	6,686	5,907
Bank charges	188	-
Board Fees	35,696	31,760

Commissions	50	867
Fund Expenses	500	2,893
Fund Registration Fees	-	<u>1,000</u>
Total Administrative expenses	<u>44,684</u>	<u>42,427</u>

11. Impairment loss provision

Impairment loss provision comprise:

Impairment loss on Government Bonds	<u>156,302</u>	<u>-</u>
--	----------------	----------

The impairment provision was made in response to the impact of the Domestic Debt Exchange Programme initiated by the Government of Ghana, which was as a result of a decrease in the market value of the investment by the end of the year. This provision specifically applies to the accrued interest that has not been received, and it serves to account for the expected losses due to the investment's decline in value.

12. Risk Management, Objectives and Policies

The Fund has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Foreign exchange risk
- Interest Rate risk
- Operational risk

The objective of the fund is to achieve medium to long term capital growth through investing in a selection of financial instruments. This note presents information about the Fund's exposure to each of the above risks.

12.1 Risk Management framework

The board of Directors has overall responsibility for the establishment and oversight of the Fund's risk management framework. The board of Directors is responsible for monitoring compliance with the Fund's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation with the risk faced by the Fund.

The Fund's risk management policies are established to identify and analyze the risk faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

(a) Credit Risk

Credit risk is the risk that counterparties (i.e. financial institutions and companies) in which the Fund's assets are invested will fail to discharge their obligations or commitments to the Fund, resulting in a financial loss to the Fund.

(b) Liquidity risk

Liquidity risk is the risk that the Fund either does not have sufficient financial resources available to meet its obligations and commitments as they fall due, or can access them only at excessive cost. The Fund'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 when due.

The following are contractual maturities of financial assets as at 31 December 2022:

Financial Assets	3 months of less (GHS)	4 – 6 months (GHS)	7 – 12 months (GHS)	More than 12 months (GHS)
Treasury Bills	230,996	46,932	-	-
Treasury Notes	-	-	229,904	2,870,117
Total	230,996	46,932	229,904	2,870,117

The following are contractual maturities of financial liabilities as at 31 December 2022:

Financial Liabilities	3 months of less (GHS)	4 – 6 months (GHS)	7 – 12 months (GHS)	More than 12 months (GHS)
Other payables and accrued expenses	20,683	-	-	-
Total	20,683	-	-	-

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Risk Management, Objectives and Policies continued...

(d) 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 Directors on the appropriate balance of the portfolio between equity, fixed rate interest, and variable rate interest investments. The Fund has no interest bearing liabilities.

(e) Operational risk

Operational risk is the risk of direct or indirect loss due to an event or action resulting from the failure of internal processes, people and systems, or from external events. The Fund seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor, control and report such risks.

13. Contingent Liabilities and Commitments

(a) Contingent liabilities

Pending legal suits:

There were no contingent liabilities as at the balance sheet date.

(b) Capital expenditure commitments

Under contract:

There were no capital commitments as at the balance sheet date.

14. Events after the Reporting Period

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

15. Related Parties

Transactions with Key Management Personnel

There is no evidence that Key management personnel and their immediate relatives transacted business with the Fund during the year.

Transactions with Directors

The following directors hold investment interests as at 31st December, 2022;

Names	Units	Amounts
Rev. Thomas Dzoletso Kwami	2,310	2,278
Stephen Nketia Kyere	5,882	5,800

Transactions with Other Employees

There is no evidence that other employees transacted business with the Fund during the year.

Detailed Statement of Profit or Loss

Figures in GHS	Notes	2022	2021
Investment income	8		
Gain/ (Loss) from disposal of Ordinary Share Investments		(41)	-
Interest on Bank Deposits		15,872	11,994
Interest on Treasury Bills		77,445	58,474
Interest on Treasury Bonds		630,319	510,932
Loss on disposal of Treasury Bonds		-	(45,750)
Unrealised Gain/(Loss)		(218,789)	(720)
		504,806	534,930
Impairment loss provision	11		
Impairment loss on Government Bonds		(156,302)	-
Management fees	9		
Custodian Fees		(6,853)	(6,462)
Fund Administration Fees		(17,035)	(16,078)
Fund Management Fees		(56,876)	(53,593)
		(80,764)	(76,133)
Administrative expenses	10		
AGM expenses		(1,564)	-
Audit Fees		(6,686)	(5,907)
Bank charges		(188)	-
Board Fees		(35,696)	(31,760)
Commissions		(50)	(867)
Fund Expenses		(500)	(2,893)
Fund Registration Fees		-	(1,000)
		(44,684)	(42,427)
Increase in Net Assets attributable to Fund Investors from Operations		223,056	416,370

Calbank PLC.
 A: 23 Independence Avenue P.O. Box 14596 Accra, Ghana
 T: +233 (0) 302 680061-69, +233 (0) 302 680079
 F: +233 (0) 302 680081, +233 (0) 680083
 E: customercare@calbank.net www.calbank.net



June 29, 2023

The Fund Manager
 Cidan Investment Ltd
 Cidan House, No 169 Block 16
 Haatso - Accra

Dear Sir,

REPORT OF THE CUSTODIAN TO THE BOARD OF OCTANEDC BOND FUND

CalBank PLC, the custodian of OctaneDC Bond Fund confirms the investment holdings for the fund as at December 31, 2022 as follow: -

DESCRIPTION	NOMINAL	COST (GHC)	MARKET VALUE (GHC)	% Of TOTAL
CASH	189,137.20	189,137.20	189,137.20	4.67
GOVERNMENT NOTES & BONDS	3,306,517.00	3,409,730.47	3,568,030.74	88.13
LOCAL GOVT & STAT. AGENCY	140,647.00	119,999.45	131,111.37	3.24
TREASURY BILLS	161,711.00	149,999.80	160,181.35	3.96
TOTAL		3,868,866.92	4,048,460.66	100.00

Yours faithfully,

Nan Opoku (Ms.)
 Head - CalBank Custody Services