

ANNUAL REPORT

PETRA ADVANTAGE PENSION SCHEME (PAPS) **FINANCIAL STATEMENTS** FOR THE YEAR ENDED DECEMBER 31 2016

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PARTICULARS OF SERVICE PROVIDERS/ADVISORS**Chair of the Board of Trustees**

Chris Hammond - Representing Petra Trust
Company Limited
113, Airport West, Dzorwulu, Accra
P.O. Box CT 3194
Cantonments Accra

Secretary to the Board of Trustees

Kukua Awo Pratt
113, Airport West, Dzorwulu, Accra
P.O. Box CT 3194
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Sponsor of the Scheme

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Auditor

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Farrar Avenue, Adabraka
P.O. Box KA 16088
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Tel: +233 302 235406

Pension Fund Managers

Databank Asset Management Limited
61 Barnes Road
Accra

EDC Investments Limited
No. 5, 2nd Ridge Link
Accra

Pension Fund Managers (Cont'd)

FirstBanC Financial Services
World Trade Center
Accra

Frontline Capital Advisors Limited
No.8 Otu Kofi Link
Osu, Accra

IC Asset Managers (Ghana) Limited
No. 2, 2nd Ridge Link
Accra

UMB Investment Holdings Limited
57 Examination Loop
Accra

New Generation Investment Services
COCOBOD Jubilee House
Adum, Kumasi

Prudential Securities Limited
No. 8 Nima Avenue
Accra

Stanlib Ghana Limited
Stanbic Heights, Airport City
Accra

REPORT OF THE TRUSTEES

The Trustees present their report together with the audited Financial Statements of the Scheme for the year ended 31 December, 2016.

Establishment, Nature and the Status of the Scheme

The Scheme is a defined contribution plan which provides lump sum benefits on retirement and such other ancillary benefits to members who meet the qualifying conditions stipulated under National Pensions Act 2008 (Act 766), the National Pension (Amendment) Act, 2014 (Act 883).

The Scheme is a tax exempt pension scheme under the Income Tax Act, 2015 (Act 896) as amended. The Scheme's activities are bound by provisions of the National Pensions Act 2008 (Act 766), the National Pension (Amendment) Act, 2014 (Act 883). Regulations made under it, Guidelines formulated and published and any Board directives that may be issued from time to time as well as the Governing Rules of the Scheme.

Trustees of the Scheme are ultimately responsible for administration of the Scheme and their responsibility to the Scheme is established by a Trust Deed and Scheme Governing Rules both of which are subject to Act 766, form the basis of establishing the Scheme.

Scheme Membership Statistics

I. Movement During The Year

Description	Number at beginning of period	Additions	Withdrawals	Number at end of period
Active Members	76,481	18,567	2,071	92,977

II. Summary Statistics

Transfers In	Transfers Out	Partial Withdrawals	Statutory Retirement	Retirement (Early)	Permanent Emigration	Incapacitated Members	Death
132	1,813	0	214	11	12	5	16

Investment Report

(i) Statement of Investment Principles

We, the Trustees, attest that Scheme funds have been invested with the objective of obtaining safe and fair returns in accordance with National Pensions Act 2008 (Act 766), the National Pension (Amendment) Act, 2014 (Act 883), Guidelines on Investment of Scheme Funds. We confirm that there has been full compliance with prohibitions on investments which include but are not limited to, use of Pension Scheme assets as collateral, investing outside maximum allowable limits, investing outside the scope of assets stipulated by the Guidelines on Investment of Scheme Funds and investing in securities issued by any issuer for which there exists a conflict of interest.

(ii) Investment Allocation

Asset Type	Maximum Allocation	Actual Allocation	Investment Income Earned	2016 Year End Value	2015 Year End Value
	%	%	GH¢	GH¢	GH¢
Government Securities	75	47	19,726,215	117,701,634	67,293,478
Corporate Bonds	30	15	4,847,479	38,676,657	11,879,396
Money Market	35	34	14,960,883	86,052,173	45,205,871
Quoted Shares	10	1	159,157	2,503,425	3,154,203
Collective Investments	5	2	-	4,422,785	1,415,694
Cash and Cash Equivalents	-	1	465,365	2,958,605	920,348
Total		100	40,159,099	252,315,279	129,868,990

Financials

The Statement of Changes in Net Assets Available for Benefits as presented on page 14 shows an increase in Net Assets available for benefits for the year of GH¢149,321,594 (2015: GH¢88,701,577) and the Statement of Net Assets Available for Benefits on page 13 shows the Scheme's Net Assets as at 31 December, 2016 amounting to GH¢278,606,614. (2015: GH¢129,285,020).

Expenses

All expenses of the Scheme are charged against the Scheme. We confirm that expenses charged and deducted from the Scheme funds are those allowable under the National Pensions Act 2008 (Act 766), the National Pension (Amendment) Act, 2014 (Act 883), Guidelines on Fees and Charges and any other directives issued by the Authority from time to time.

Type	Maximum Rate	Actual Rate	2016	2015
			Amount	Amount
	% p.a.	% p.a.	GH¢	GH¢
NPRA Fees	0.33	0.33	578,774	247,540
Trustee/Administrator Fees	1.33	1.05	2,361,471	943,222
Pension Fund Custodian Fees	0.28	0.20	350,772	142,092
Pension Fund Mgr. Fees	0.56	0.35	602,394	313,799
Audit Fees	-	-	18,000	13,000
Total			3,911,411	1,659,653

Trustees

The current Board of Trustees as well as any changes made during the year is indicated as below:

License No.	Name	Position	Date Of Appointment	Date Of Exit
NPRA/MTOPS/12009/15315	Martyn Mensah	Independent Trustee	November 2012	June 2016
NPRA/MTOPS/12009/15314	Chris Hammond	Chairman - Representing Petra Trust Company Limited	November 2012	-
NPRA/MTOPS/12009/15449	Eric Nana Otoo	Member Nominated Trustee	August 2015	-
NPRA/MTOPS/12009/15226	Kweku Brenu	Independent Trustee	August 2016	-

Scheme Performance

The Petra Advantage Pension Scheme generated a net return of 24.70 % for the year 2016 (2016 unit price of GHS 2.323426 and 2015 unit price of GHS 1.863145). This performance compared favourably against average 91 day Treasury Bill rate of 22.67%, annual inflation of 15.40%, and Ghana Cedi depreciation of 10.68% against the US Dollar in 2016. During the year, participation in the scheme also showed significant growth with 409 new companies, and 18,567 new members joining the scheme. The scheme size grew from GH¢129,285,020 at the beginning of the year to end the year at GH¢278,606,614, a growth of 115.5%.

Economic and Market Review

In 2016 Ghana's economy grew by 3.6% in real terms, the lowest GDP growth rate for the last 10 years. The major drivers of this underperformance were fiscal tightening under the IMF plan, Bank of Ghana's tight monetary policy, high interest rates, irregular power supply due to load shedding, and oil supply disruptions from oil production at the Jubilee oil field.

We ended the year with a budget deficit of 8.7%, which was substantially higher than the 5.3% which the country had agreed with the IMF. Inflation remained between the 16%-19% band for the first 9 months of the year. This was attributed to increases in electricity and utility tariffs which pushed transport fares and the general level of prices in the economy higher. However, the final quarter of the year marked the beginning of an easing in inflation as the year on year inflation rate dropped to 15.4%. We saw the central bank cutting the monetary policy rate by 50 basis points in response.

On the currency front, the Ghana Cedi performed better in 2016 on the back of the tight monetary policies and the consequent improvement in the trade balance due to lower imports. Our local currency depreciated against the US Dollar by 10.68% as compared to 2015's depreciation value of 15.7%.

The poor general macroeconomic environment and its impact on the performance of listed companies, particularly those in the financial sector, dampened investor confidence in Ghana's stock market. The composite and financial indexes of the Ghanaian stock market ended 2016 at -15.33% and -19.93% respectively.

For the fixed income market, Treasury Bill rates were relatively stable for the first half of the year but started to dip from the third week of October. The reasons for this were twofold. Firstly, the drop in inflation rates increased the expectations of a monetary easing cycle. Secondly, the introduction of the book building process and new directives for the primary auction of treasury securities increased the Ministry of Finance's ability to better match demand for treasury securities with the supply available. Subsequently, all other rates other than the Bank of Ghana auction rate fell.

Portfolio Review

The portfolio generated a gross return of 27.30% (2016 unit price of GHS 2.541025 and 2015 unit price of GHS 1.996190) which is equivalent to a real return of 11.89% for 2016, primarily as a result of a successful allocation of the portfolio to the different permissible asset classes. The scheme maintained a high position of 34.17% in 2016 in the money markets space, which added value. Collective investment allocations increased in from 1.09% in 2015 to 1.75% in 2016. The scheme had a low equity position and as such exposure to equity underperformance was limited. Equity holdings moved from 2.43% in 2015 to 0.99% in 2016. The scheme took advantage of new issuances on the listed corporate debt market shoring up holding from 9.4% in 2015 to 15.34% in 2016. Allocations to Ghana government bonds and bills reduced from 54.82% in 2015 to 46.74%

in 2016 as the scheme sort to pick up higher yields in the corporate bond and collective investments assets classes.

Economic and Financial Markets Outlook

2017 began with a peaceful transition and a new government in power. However, the revelation that the country had been unable to meet the budget deficit targets agreed with the IMF heightened uncertainty about the policy direction for the country and a continued lack of confidence in our ability as well as commitment to meet set targets.

Despite the fact that the economic environment will continue to be challenged, we expect the new government to continue to maintain the policies agreed under the IMF facility, which is in its third and final year. Importantly, we believe that the stance towards tight fiscal and monetary policy will be maintained. However, as inflation continues to slowly inch down towards 13%, we anticipate that the central bank will gradually reduce interest rates beginning in the second quarter of the year.

We expect the new government to begin implementation of their plans, which include the reduction of taxes and the introduction of new community-based developmental projects. We also expect the continuation of the expansion in Ghana's power production capacity. Additionally, we believe that the anticipated increase in production of oil and gas at the Tweneboa, Enyenra and Ntomme (TEN) fields, coupled with these initiatives, should lead to a recovery in the activity and profitability of the private sector. This should provide an important boost to an otherwise bleak economic picture.

This is an environment in which the Ghana Cedi should fare well. Based on our expectation of tight monetary policy, tight fiscal policy and increased private sector activity, we believe that the Ghana Cedi will depreciate marginally, not more than 12% against the US Dollar for the year.

For the broad macro-economic aggregates, we expect the following outcomes for the year 2017. GDP growth rate of 3.9% in real terms, an MPC rate of 21%, inflation of 13% and local currency depreciation of 12%.

On the fixed income market, we expect short-term (treasury securities and fixed deposits) rates to rise in the first half of the year and fall as the central bank commences its rate reduction program. Long-term rates should remain relatively stable in the first half of the year. However, as short-term rates rise we expect them to fall as well.

The stock market should do better in 2017 than it has done in prior years, as listed companies begin to recover and investors look at stock returns for an alternative to falling yields on fixed income securities. Despite this improved picture, we continue to anticipate low liquidity in this asset class, making it difficult for pension schemes of any reasonable size to participate in their performance.

We also expect the recent trend of corporate bond issuance to continue as more companies look to tap pension scheme's funds for capital.

2017 Portfolio Strategy

Our outlook on general economic and financial market performance in 2017 leads us to the following portfolio strategy:

- Increase emphasis on long-term debt securities versus short-term debt securities.
- Continue to maintain exposure to high-quality money market securities and corporate bonds to add income to the portfolio
- Take opportunistic positions in equities

Temporary Pension Fund Account (TPFA)

The release and disbursement of the Temporary Pensions Fund in custody with the Bank of Ghana continued in 2016. We received GH¢37,855,896.74 million in transfers for 1,235 employers and 19,073 contributors. We will continue to work with the National Pensions Regulatory Authority (NPRA) to complete outstanding transfers for employers under our management.

Conclusion

We would like to thank all our scheme members for the confidence reposed in us as their preferred trustees within the pensions industry in Ghana. We will look to exploit any opportunities in investment performance. In addition, we will continue with the on-going initiative to ensure the delivery of quality services and convenience for scheme members.

Thank you for placing your pensions in safe hands.

Statutory Requirements

The Trustees have complied with the requirements of the National Pensions Act 2008 (Act 766), the National Pension (Amendment) Act, 2014 (Act 883), Regulations made under it, Guidelines and Board Directives that have been issued.

Auditor

John Kay & Co. have been with the Scheme since 2013 and have expressed their willingness to continue in office as Auditors of the Scheme.

Statement of Trustees Responsibilities

National Pensions Act 2008 (Act 766), the National Pension (Amendment) Act, 2014 (Act 883) requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the financial transactions of the Scheme for the year and of the disposition at year end of its assets and liabilities.

It also requires the Trustees to ensure that the Scheme keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Scheme. They are also responsible for safeguarding the assets of the Scheme.

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 the requirements of the National Pensions Act, 2008 (Act 766), the National Pension (Amendment) Act, 2014 (Act 883) and the Occupational and Personal Pension (General) Regulations, 2011 (L.I. 1990). The Trustees have instituted appropriate internal controls to avert cases of fraud or error from which material misstatements may arise.

The Trustees accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the National Pensions Act 2008 (Act 766), the National Pension (Amendment) Act, 2014 (Act 883) and the Occupational and Personal Pension (General) Regulations, 2011 (L.I. 1990).

The Trustees assert that the financial statements give a true and fair view of the state of the financial affairs of the Petra Advantage Pension Scheme.

On Behalf of the Board of Trustees

CHRIS HAMMOND

Trustee (Name)


.....


Signature

25th April, 2017

Date

KWEKU OSAE BRENU

Trustee (Name)


.....

Signature

25th April, 2017

Date

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
PETRA ADVANTAGE PENSION SCHEME (PAPS)**

Opinion

We have audited the accompanying financial statements of Petra Advantage Pension Scheme (PAPS) which comprise the statement of Net Assets available for benefits as at 31 December 2016, the statement of Changes in Net Assets available for benefit and the statement of Cash Flow for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 16 to 26.

In our opinion, the accompanying financial statements give a true and fair view of the financial transactions of Petra Advantage Pension Scheme (PAPS) as at 31 December 2016 and of the Scheme's financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the National Pensions Act 2008 (Act 766), the National Pension (Amendment) Act, 2014 (Act 883) and the Occupational and Personal Pension (General) Regulations 2011 (L.I. 1990).

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

Trustees' Responsibility for the Financial Statements

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 the requirements of the National Pensions Act 2008 (Act 766), the National Pension (Amendment) Act, 2014 (Act 883) and the Occupational and Personal Pension (General) Regulations, 2011 (L. I. 1990), and for such internal controls as the Trustees determine necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to error or fraud. The Trustees are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibility for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 Scheme's internal control.
- ❑ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by trustees.
- ❑ Conclude on the appropriateness of 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 Scheme'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 Scheme to continue as a going concern.

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

Key Audit matters

Temporary Pension Fund Account (TPFA)

Section 218(4) of the National Pensions Act 2008 (Act 766), the National Pension (Amendment) Act, 2014 (Act 883) require that within ninety days of the registration and licensing of the Trustees, fund managers and custodians of the Pension Scheme, the National Pensions Regulatory Authority should compute and transfer all contributions and returns to the credit of the Occupational Pension Scheme Account opened with the chosen licensed Trustees.

We have obtained evidence that the National Pensions Regulatory Authority has, during the year under review, transferred the second batch of contributions held in the Temporary Pension Fund Account (TPFA) amounting to GH¢ 37,855,896.74 for 1,235 employers and 19,073 individuals to the credit of the Scheme.

There still remain a significant amount of the contributions and returns yet to be transferred to the credit of the Petra Advantage Pension Scheme Account in pursuance of the provision of the Act.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of the National Pensions Act 2008 (Act 766), the National Pensions (Amendment) Act, 2017 (Act 883) and the Occupational and Personal (General) regulations, 2011 (L.I.1990)

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, proper books of accounts have been kept by the Scheme so far as it appears from our examination of those books.


JOHN ARMSTRONG YAO KLINOGO (ICAG/P/1116)
For and on behalf of John Kay & Co. (ICAG/F/2017/128)
Chartered Accountants
Accra.


28th April, 2017

**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
AS AT 31 DECEMBER 2016**

ASSETS	Note	2016 GH¢	2015 GH¢
Cash and Cash Equivalents	6	2,958,605	920,348
Held to Maturity	7	206,676,994	86,453,281
Available for Sale	8	29,073,897	36,813,541
Fair Value through Profit and Loss	9	4,422,784	1,415,695
Interest Receivable	11	9,182,999	4,266,125
Other Receivables	12	28,843,247	11,462
Total Assets		281,158,526	129,880,452
LIABILITIES			
Benefits Payable	13	123,690	1,769
Administrative Expenses Payable	14	1,264,752	592,659
Other Payables	15	1,163,470	1,004
Total Liabilities		2,551,912	595,432
Total Assets Less Liabilities		278,606,614	129,285,020
Represented by:			
Net Assets Available for Benefits (Net Asset Value)		278,606,614	129,285,020

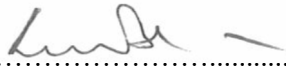
The Financial Statements on pages 13 to 26 were approved by the Trustees on 24th April 2017 and were signed on their behalf by:

CHRIS HAMMOND
Name


.....
Signature

25th April 2017
Date

KWEKU OSAE BRENU
Name


.....
Signature

25th April 2017
Date

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

AS AT 31 DECEMBER 2016

	Note	2016 GH¢	2015 GH¢
DEALINGS WITH MEMBERS			
Contributions	16	116,643,113	74,335,484
Less: Benefits	17	(6,003,517)	(908,341)
		-----	-----
A: Net Additions from Dealings with Members		110,639,596	73,427,143
		-----	-----
RETURNS ON INVESTMENTS			
Investment Income	18	40,159,099	17,107,277
Less: Brokerage Fees/Levies/Commissions		(5,620)	-
		-----	-----
B: Net Investment Income		40,153,479	17,107,277
		-----	-----
C: Net Gains/(Loss) on Investment Income	10	2,439,930	(143,362)
		-----	-----
D: Administrative Expenses	19	(3,911,411)	(1,689,481)
		-----	-----
		-----	-----
Increase/(Decrease) in Net Assets for the year (A+B+C+D)		149,321,594	88,701,577
		=====	=====

STATEMENT OF MOVEMENT IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 GH¢	2015 GH¢
Balance at January 1		129,285,020	40,583,443
Increase/(Decrease) for the year		149,321,594	88,701,577
		-----	-----
Balance at December 31	20	278,606,614	129,285,020
		=====	=====

**STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 GH¢	2015 GH¢
Increase/(Decrease) in Net Assets for the year		149,321,594	88,701,577
<i>Adjusted for:</i> Investment Income (Non Cash)	10	(10,731,466)	(6,047,308)
Changes in Fair Value	10	(2,439,930)	143,362
CASH FLOWS FROM OPERATING ACTIVITIES			
Increase/(Decrease) in Benefits Payable	13	121,921	-
Increase/(Decrease) in Administrative Expenses Payable	14	672,093	191,143
Increase/(Decrease) in Other Payables	15	1,162,466	-
(Increase)/Decrease in Other Receivables	12	(28,831,785)	283,346
		-----	-----
Net Cash Generated from Operating Activities		109,274,893	83,272,120
		-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Gov. Notes/Bonds	10	(51,385,657)	(28,368,144)
Purchase of Treasury Bills	10	(114,228,104)	(83,560,415)
Purchase of Quoted Shares	10	(8,047)	(1,780,248)
Purchase of Money Market Securities	10	(123,361,603)	(88,795,230)
Purchase of Corporate Bonds	10	(25,998,062)	(10,973,000)
Purchase of Collective Investments	10	(3,992,035)	(1,207,800)
		-----	-----
Proceeds from Disposal of Gov. Notes/Bonds	10	21,319,294	8,516,754
Proceeds from Disposal of Treasury Bills	10	103,308,417	61,731,311
Proceeds from Disposal of Quoted Shares	10	13,345	1,014,912
Proceeds from Disposal of Money Market Securities	10	85,339,249	60,193,764
Proceeds from Disposal of Corporate Bonds	10	191,180	628,328
Proceeds from Disposal of Collective Investments	10	1,565,387	-
		-----	-----
Net Cash used in Investing Activities		(107,236,636)	(82,599,768)
		-----	-----
 Net Increase/(Decrease) in Cash and Cash Equivalents		 2,038,257	 672,352
		=====	=====
 Cash and Cash Equivalents at 1 Jan		 920,348	 247,996
 Net Increase/(Decrease) in Cash and Cash Equivalents		 2,038,257	 672,352
		-----	-----
 Cash and Cash Equivalents at 31 December		 2,958,605	 920,348
		=====	=====

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTES TO FINANCIAL STATEMENTS

1. Reporting Entity

Petra Advantage Pension Scheme (“The Scheme”) is a Scheme registered and domiciled in Ghana. The Scheme is a master trust scheme for Petra Trust Limited. The Scheme’s shares are not traded on a public market and it does not file its financial statements with National Pension Regulatory Authority or other regulatory body for the purpose of issuing any class of instrument in a public market.

The Scheme is an occupational pension scheme primarily involved in investing members contribution in a highly diversified portfolio of equity securities issued by companies listed on the Ghana Stock Exchange, unlisted investment funds, investment-grade debt securities, with the objective of providing members with above-average returns over medium to long term. The investment activities of the scheme are managed by Databank Asset Management, EDC Investments Limited, FirstBanc Financial Services, UMB Investments Holding Limited, Prudential Securities Limited, Black Star Advisors Limited, IC Assets Managers, New Generation Investments Services and Stanlib Ghana Limited and the administration of the Scheme is delegated to Petra Trust Company Limited.

2. Basis of Accounting

a. Basis of Preparation

These financial statements have been prepared in accordance with the National Pensions Act 2008 (Act 766), the National Pension (Amendment) Act, 2014 (Act 883) Section 166 and comply with the International Financial Reporting Standards (IFRS) and issued by the Board of Trustees on March 30, 2017.

b. Functional and Presentation Currency

These financial statements are presented in Ghana Cedi, which is the Scheme’s functional currency. All amounts have been stated in full.

c. Use of Judgements and Estimates

In preparing these financial statements, the Scheme’s Trustees have made judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

3. Accounting Policies

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

i. Contributions

Employer and members’ contributions, including employer contribution in respect of employees contributions made under salary sacrifice, are accounted for on accrual basis at rates agreed between the Trustee and the employer based on the National Pensions Act 2008 (Act 766), the National Pension (Amendment) Act, 2014 (Act 883) Section (96) as shown in the schedule of contributions paid at the end of each month that they are deducted from payroll.

ii. Investment Income Recognition**a. Interest income**

Interest income, including interest income from non-derivative financial assets at Fair Value Through Profit or Loss (FVTPL), are recognised in profit or loss, using effective interest method. The effective interest is the rate that exactly discounts the estimated future cash payments or receipts, without consideration of future credit losses, over the expected life of the financial instrument or through to the next market based re-pricing date to the net carrying amount of the financial instrument on initial recognition.

Interest received or receivable and interest paid or payable are recognised in the profit or loss as interest income or interest expense, respectively.

b. Dividend Income

Dividend income is recognised in profit or loss on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date that shareholders approve the payment of dividend.

c. Pooled Investment Income

Income arising from the underlying investment of the pooled investment vehicles that is reinvested within the pooled investment vehicles is reflected in the unit price. Such income is reported within the change in market value.

iii. Investments Assets

The scheme classifies its investments into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. The Trustees determine the classification of the investments at the initial recognition and re-evaluates this at every reporting date.

a. Financial Assets at Fair Value through Profit or Loss

This category has two sub-categories; financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified into this category at inception and is acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit-taking, or if so designated by Trustees.

b. Loans and Receivables

Loans and Receivables are non-derivatives financial assets with fixed or determinable payment that are not quoted in an active market other than those that the scheme intends to sell in the short term or that it has designated as at fair value through income or available-for-sale.

c. Held-to-Maturity Financial Assets

Held-to-Maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity other than those that meet the definition of loans and receivables that the scheme management has the intention and ability to hold to maturity.

d. Available-for-Sale Financial Asset

Available-for-Sale Financial Assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Regular way purchases and sales of investments are recognised on trade date - the date on which the scheme commits to purchase or sell the asset. Investments are initially recognised at fair value plus, (in the case of all financial assets not carried at fair value through profit or loss), transaction cost that are directly attributable to

their acquisition. Investments are derecognised when the right to receive cash flows from the investments has expired or where they have been transferred and the scheme has also transferred substantially all risk and rewards of ownership.

Available-for-Sale Financial Assets and Financial Assets at Fair Value through Profit or Loss are subsequently carried at fair value. Loans and Receivables as well as Held-to-Maturity Financial Assets are carried at amortised cost using effective interest rate method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statements in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as net realised gain/loss on financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the scheme establishes fair value by using valuation technique. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

e. Cash and Cash Equivalents

Cash and Cash Equivalents comprise call and current accounts operated with banks.

iv. Foreign Currency

Transactions in foreign currencies during the period are converted into Ghana Cedis at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into cedis at exchange rates ruling at the financial year-end.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into cedis at the exchange rates at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss as net foreign exchange losses, except for those arising on financial instruments at FVTPL, which are recognised as a component of net gains from financial instruments at FVTPL.

v. Benefits Payable

Benefits payables are included in the financial statements on an accrual basis where members become entitled to such benefits.

vi. Transfer Values

Transfer values represent the capital sums paid to and from the pension schemes on the basis of when the member liability is accepted or discharged.

vii. Fees and Commission

Fees and commission expenses are recognised in profit or loss as the related services are performed.

Key Contractors

a. Transaction with Trustees/Fund Administrators

The total Trustees/Administration fees charged during the year amounted to GH¢2,361,471. Included in the payables are Trustee fees of GH¢755,944.

b. Fund Managers

The Trustees of the Scheme appointed Stanlib Ghana Limited, Databank Asset Management, EDC Investments Limited, FirstBanc Financial Services, Merban Investments Holding Limited, Prudential Securities Limited, Black Star Advisors Limited, IC Asset Managers and New Generation Investments Services, all investment management companies incorporated in Ghana and duly licensed by the Security and Exchange Commission of Ghana and the National Pension Regulatory Authority as pension fund managers, to implement the investment strategy and objectives as stated in the Scheme's investment management policy manual. Under the investment management agreements, the investment managers receive a management fee at an annual rate of 0.35% of the net asset value attributable to members of the Fund. The management fees incurred during the year amounted to GH¢602,394. Included in the payables as at 31 December 2016 were fund management fees payable of GH¢192,588.

c. Fund Custodians

The Trustees of the Scheme appointed Standard Chartered Bank, a limited liability company incorporated in Ghana and registered by the National Pension Regulatory Authority as a pension scheme custodian, to provide custody services to the Trustees as prescribed under the National Pension Act, 2008 (Act 766). Under the custody agreement, the Custodian receives a custodian fee at an annual rate of 0.20% of the net asset value in accordance with guidelines on fees and charges issued by the National Pension Regulatory Authority (NPRA). The Custodian fees charged during the year amounted to GH¢350,772. Included in the payables as at 31 December 2016 were custodian fees of GH¢112,536.

5. Financial Risk Management, Objectives and Policies

a. Asset/Portfolio/Credit Risk

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

The Scheme's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meets the standards set out in the NPRA guidelines and the Fund's investment policy statement. Prior to any investment, a credit assessment report must be presented for approval after which the decision to invest funds with an issuer is made.

b. Liquidity Risk

Liquidity risk is the risk that the Scheme either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due. The Scheme's approach to managing liquidity is to ensure that it will maintain adequate liquidity in the form of cash and very liquid instruments to meet its liabilities (including benefits) when due. A threshold amount has been set based on historical accrued benefits paid to ensure that this risk is mitigated wholly.

c. Market Risk

Market risk is the risk that changes in market prices, such as interest rates on investments will affect the fund's income.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. This systematic risk cannot be mitigated through diversification.

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 Trustees on the appropriate balance of the portfolio between equity, fixed rate interest, and variable rate interest investments. The scheme uses duration targeting as a means of mitigating the effects of the risk. The target duration is regularly reviewed by the Trust Board. For some of the bonds with issuers other than the Government of Ghana, investments are placed with a floating rate to hedge against this risk.

e. Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Scheme's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of Scheme behaviour. Operational risks arise from all of the Fund's operations and are faced by all pension schemes.

The Fund's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Scheme's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

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

governing rules and trust deed;

- Investment Policy statement;
- requirements for the reporting of non-compliance with regulatory and other legal requirements;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

Measures have been set such as instituting different authorisation levels, together with technological systems to ensure that such risks are mitigated, secured servers are monitored and backed up daily both on-site and off-site to ensure that the scheme's operational data is not lost.

Compliance with the Scheme governing rules is supported by a programme of annual reviews undertaken by the external auditor. The results of these reviews are discussed with Trustees.

f. Currency/ Foreign Currency Exchange Rates

The Scheme's financial assets could be exposed to currency translation risk for foreign currency denominated investments. These assets are exposed to translation risk which affects the scheme's investment performance due to fluctuations in different currency rates. The scheme mitigates this by investing less than 5% of the Assets under Management in active currency allocations.

6. Cash and Cash Equivalents

	2016 GH¢	2015 GH¢
Current & Call Account	2,958,605	920,348
	<u>2,958,605</u>	<u>920,348</u>

7. Held to Maturity

	2016 GH¢	2015 GH¢
Gov. Notes/Bonds	39,563,768	-
Treasury Bills	48,751,883	32,017,602
Money Markets	81,047,300	42,960,679
Corporate Bonds	37,314,043	11,475,000
	<u>206,676,994</u>	<u>86,453,281</u>

8. Available for Sale

	2016 GH¢	2015 GH¢
Gov. Notes/Bonds	26,570,472	33,659,338
Quoted Shares	2,503,425	3,154,203
	<u>29,073,897</u>	<u>36,813,541</u>

9. Fair Value through Profit or Loss

	2016 GH¢	2015 GH¢
Collective Investments	4,422,784	1,415,695
	<u>4,422,784</u>	<u>1,415,695</u>

10. Total Investments and Assets

2016							
	Bal 1/1/16 GH¢	Purchase at Cost GH¢	Accrued Interest GH¢	Interest Received GH¢	Disposal/ Maturity GH¢	Change in Fair Value GH¢	Value 31/12/16 GH¢
Gov. Notes/Bonds	35,275,875	51,385,657	2,815,512	(1,616,538)	(21,319,294)	2,408,540	68,949,751
Treasury Bills	32,017,602	114,228,104	7,595,776	(1,781,182)	(103,308,417)	-	48,751,883
Money Markets	45,205,872	123,361,603	5,004,873	(2,245,192)	(85,339,249)	64,266	86,052,173
Corporate Bonds	11,879,396	25,998,063	1,362,614	(404,396)	(191,180)	32,162	38,676,657
Collective Investment	1,415,694	3,992,035	-	-	(1,565,387)	580,443	4,422,785
Quoted Shares	3,154,203	8,047	-	-	(13,345)	(645,479)	2,503,425
Total Investment	128,948,642	318,973,509	16,778,774	(6,047,308)	(211,736,872)	2,439,930	249,356,674
Other Receivables	-	-	-	-	-	-	28,843,247
Cash and Cash Equivalents	-	-	-	-	-	-	2,958,605
Total Assets	128,948,642	318,973,509	16,778,774	(6,047,308)	(211,736,872)	2,439,930	281,158,526
2015							
	Bal 1/1/15 GH¢	Purchase at Cost GH¢	Accrued Interest GH¢	Interest Received GH¢	Disposal/ Maturity GH¢	Change in Fair Value GH¢	Value 31/12/15 GH¢
Quoted Shares	2,706,621	1,780,248	-	-	(1,014,912)	(317,754)	3,154,203
Gov. Notes/Bonds	14,747,071	28,368,144	1,616,538	(771,417)	(8,516,754)	(167,707)	35,275,875
Treasury Bills	8,831,853	83,560,415	1,781,182	(424,537)	(61,731,311)	-	32,017,602
Money Markets	13,053,155	88,795,230	2,245,192	(873,683)	(58,148,227)	134,205	45,205,872
Corporate Bonds	1,106,227	10,973,000	404,396	(54,227)	(550,000)	-	11,879,396
Collective Investment	-	1,207,800	-	-	-	207,894	1,415,694
Total Investment	40,444,927	214,684,837	6,047,308	(2,123,864)	(129,961,204)	(143,362)	128,948,642
Other Receivables	-	-	-	-	-	-	11,462
Cash and Cash Equivalents	-	-	-	-	-	-	920,348
	40,444,927	214,684,837	6,047,308	(2,123,864)	(129,961,240)	(143,362)	129,880,452

11. Interest Receivable

	2016 GH¢	2015 GH¢
Gov. Notes/Bonds	2,815,512	1,616,538
Corporate Bonds	1,362,614	404,395
Money Markets	5,004,873	2,245,192
	-----	-----
	9,182,999	4,266,125
	=====	=====

12. Other Receivables

	2016 GH¢	2015 GH¢
Dividends	23,032	11,151
Trade Receivable	768,961	311
Contributions Receivable	28,051,254	-
	-----	-----
	28,843,247	11,462
	=====	=====

13. Benefits Payable

	2016 GH¢	2015 GH¢
Benefits Payable	123,690	1,769
	-----	-----
	123,690	1,769
	=====	=====

14. Administrative Expenses Payable

	2016 GH¢	2015 GH¢
NPRA Fees	185,684	86,750
Administrator/Trustees Fees	755,944	350,202
Pension Fund Management Fees	192,588	90,132
Pension Fund Custodian Fees	112,536	52,575
Audit Fees	18,000	13,000
	-----	-----
	1,264,752	592,659
	=====	=====

15. Other Payables

	2016 GH¢	2015 GH¢
Trade Payables	1,163,470	1,004
	<u>1,163,470</u>	<u>1,004</u>

16. Contributions

	2016 GH¢	2015 GH¢
Contribution Received	43,054,810	36,097,470
Contribution Receivable	28,051,254	-
Transfers In	45,537,049	38,238,014
	<u>116,643,113</u>	<u>74,335,484</u>

17. Benefits

	2016 GH¢	2015 GH¢
Lump Sum Benefit Paid	6,003,517	908,341
	<u>6,003,517</u>	<u>908,341</u>

18. Investment Income

	2016 GH¢	2015 GH¢
Interest on Gov. Notes/Bonds	10,350,885	4,264,455
Interest on Treasury Bills	9,375,330	5,404,636
Interest on Money Market Securities	14,960,883	6,135,705
Interest on Corporate Bonds	4,847,479	831,880
Dividend Income	159,157	141,851
Interest on Call Accounts	465,365	328,750
	<u>40,159,099</u>	<u>17,107,277</u>

19. Administrative Expenses

	2016	2015
	GH¢	GH¢
NPRA Fees	578,774	247,540
Scheme Administrator Fees	2,361,471	973,050
Pension Fund Management Fees	602,394	313,799
Pension Fund Custodian Fees	350,772	142,092
Audit Fees	18,000	13,000
	-----	-----
	3,911,411	1,689,481
	=====	=====

20. Net Assets Available for Benefits

2016	Contributions	Net Investment	Total
	GH¢	Income	GH¢
		GH¢	
Balance at January 1	107,604,247	21,680,773	129,285,020
Additions	116,643,113	38,681,998	155,325,111
(Deductions)	(6,003,517)	-	(6,003,517)
	-----	-----	-----
Balance at December 31	218,243,843	60,362,771	278,606,614
	=====	=====	=====

2015	Contributions	Net Investment	Total
	GH¢	Income	GH¢
		GH¢	
Balance at January 1	34,177,104	6,406,339	40,583,443
Additions	74,335,484	15,274,434	89,609,918
(Deductions)	(908,341)	-	(908,341)
	-----	-----	-----
Balance at December 31	107,604,247	21,680,773	129,285,020
	=====	=====	=====

21. Tax

The Fund is exempt from taxation in accordance with provisions of the National Pensions Act 2008 (Act 766), the National Pension (Amendment) Act, 2014 (Act 883) and the Income Tax Act 2015 (Act 896).

22. Commitments and Contingencies

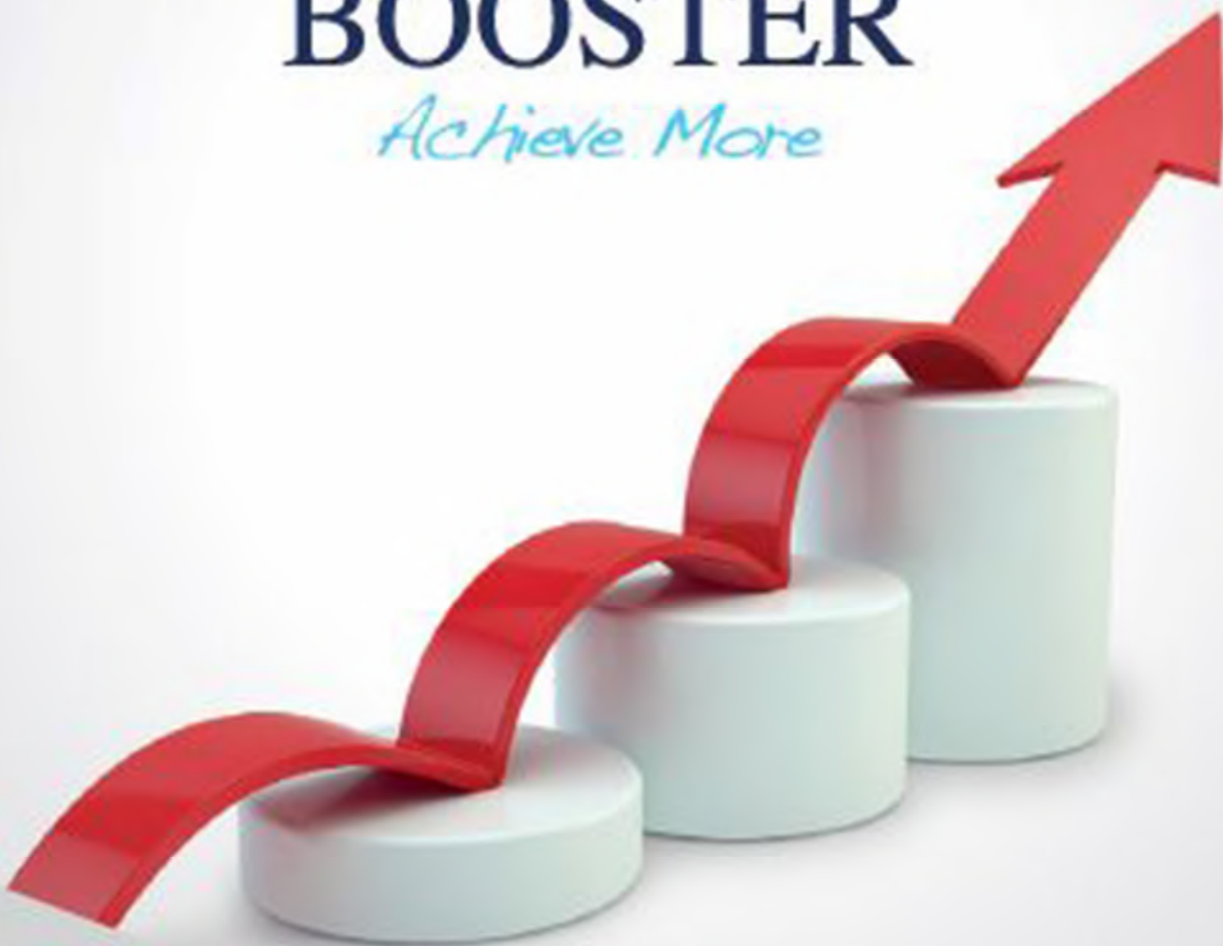
As at the date of reporting, there were no outstanding commitments or contingencies.

23. 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. As at the end of the reporting period, there no were events after the reporting period that relate to the year under consideration.

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