

Petra Opportunity Pension Scheme

2015 Annual Report

TIER 3 MASTER TRUST SCHEME

PETRA 
TRUST

the pensions expert

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Trustees and Professional Advisors

Trustees

Petra Trust Company Limited
Martyn Mensah- Independent Trustee
Daniel Gyapanin - Member

Fund Investment Advisors:

IC Securities Limited
NDK Financial Services Ltd.
Fidelity Securities Limited
FirstBanC Financial Services Ltd.
Merban Investment Holding Ltd
Frontline Capital Advisors
SDC Brokerage Services Limited

Registered Office:

113, Airport West
Dzorwulu, Accra
P.O Box CT 3194
Cantonment/Accra- Ghana

Auditors:

Intellisys
Chartered Accountants
Office No. 2, 1st Floor
Swanzy Arcade
P. O. Box K N 4169
Kaneshie

Custodian:

Stanbic Bank Custody Services
Stanbic Heights
Adjacent Silver Star Towers
Airport City

Managing Director's Message

Despite the economic challenges that characterized 2015, the Petra Opportunity Pension Scheme delivered a strong performance. The scheme continues to compare favorably with its competitors.

Market Recap: 2015 was an extremely challenging year for the Ghanaian stock market. The Ghana Stock Exchange (GSE) Index returned -11.77% compared to a 5.4% return in 2014. The Fixed Income market on the other hand offered high returns for investors; the average interest rate for the 91 day Treasury bill was 25% compared to 23% in 2014. We saw four corporate bonds list on the stock exchange, offering very attractive interest rates of 3% to 4% above the rate on the 91 day Treasury bill. Another important factor in the market was the Ghanaian Cedi, which depreciated by 15% against the US dollar. The unpredictable swings of the cedi and its movement against our economy's major trading currency; the U.S. dollar caused many investors to sit on the sidelines.

Portfolio Review: Our investment philosophy is to ensure that your funds are protected and then provide you with competitive returns. The scheme ended the year 2015 at a net return of 96.33% from inception, reflecting an annualized return (from inception) of 28.20% as compared to the previous year where it posted 25.85%. The scheme consequently outperformed the 91-day Treasury bill which recorded an average return of 25% in 2015.

The scheme's solid performance amidst macroeconomic difficulties is largely attributable to our rigorous asset allocation. The funds in the scheme were invested largely in fixed income securities given the high interest rate environment. We were heavily weighted in the short-term government of Ghana securities, followed by money market securities offered by the top tiered banks. We also participated in the corporate bonds that were approved and listed on the alternative exchange to boost the scheme's returns. We reduced our exposure in equities and invested in a Eurobond to help hedge the scheme against the volatility of the cedi.

Investment Outlook: While recognizing the many challenges facing the economy, including an election at the end of the year, we believe there are several powerful positive potential for investing. Historical records have shown that election years in Ghana are mostly characterized by increased government expenditure and budget deficits; the key objective in 2016 will be to ensure fiscal discipline per the expectations of the IMF. We believe the 2016 budget will be instrumental in addressing the revenue shortfalls and ensure the achievement of the on-going fiscal consolidation objectives.

Administrative Matters: The scheme demonstrated a high level of compliance with regulatory and investment guidelines. There was constant engagement with National Pension Regulatory Authority (NPRA) on all trustee guidelines. The regulator requires that all scheme members complete an application form. The form allows every scheme member to provide the scheme administrator with their contact details as well as nominate their beneficiaries/dependents for proper record keeping and accountability. To ensure compliance, Petra Trust embarked on a campaign to collect the contact details of all our participants who were yet to complete the application forms. If you were unable to be a part of this campaign, kindly contact us and we can arrange to get you the form and be in compliance with the ACT.

We will continue to strive to enhance returns by remaining underweight on equities, actively participating in new corporate and government of Ghana bond issues, and will also look to take advantage of investment opportunities in line with the NPRA's investment guidelines that are offering attractive yields.

We appreciate your continued confidence in this endeavour.

Trustees' Message

Introduction

The Trustees of the Petra Opportunity Pension Scheme ("The Fund") present their annual Trustee Report together with the Independent Auditor's Report, summary of contributions for the year ended 31st December, 2015 and Financial Statements and explanatory notes prepared in accordance with International Financial Reporting Standards (IFRS).

Constitution and Governance

The Fund is a defined contribution provident fund Scheme, established under trust, approved and regulated by the National Pensions Regulatory Authority and governed by a Trust Deed and Rules. The Board of Trustees is responsible for the management and governance of the Fund and as such has monitored the various Codes of Practice and related guidance materials published during the year by the Pensions Regulator and other regulatory bodies, to ensure that the Fund and its administration are in compliance.

Trustees' Responsibility

The Fund's Trustees are responsible for preparing the financial statements in accordance with applicable laws and Generally Accepted Accounting Practice and for making available certain information about the fund in the form of an Annual Report. Pension Fund Regulations require the Trustees to make available to the Fund members, beneficiaries and other parties, audited financial statements for each Fund year which show a true and fair view of the financial transactions of the Fund during the year and of the amount and disposition at the end of that year of the assets and liabilities, other than liabilities to pay pensions and benefits. The Trustees also have a general responsibility to ensure that adequate accounting records are kept and to take steps, as are reasonably open to them, to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

We the Trustees have supervised the preparation of the financial statements, and have agreed suitable accounting policies, to be applied consistently, making

Scheme (The Fund) Statistics.

i. Scheme membership is as follows: **2015**

Members at 31st December **9,814**

ii. Below are the asset allocation percentages for the year ended: **2015**

	(%)
Equities	6
Government Bonds	19
Indirect Government Bonds and Treasury Bills	41
Collective Investment	2
Fixed Deposits	31
Cash	1
	100

Review of 2015 Economic and Financial Market Performance

Overview

In 2015, Ghana's economy saw a marginal increase in the growth of real GDP from 4.0 per cent recorded in 2014 to 4.1 per cent. The country's fiscal discipline improved with the fiscal balance and the current account balance reducing from -10.2 and -9.6 per cent in 2014 to -7.0 to -8.2 per cent in 2015 respectively. Non-food inflation heightened in July 2015 due to upward pressures from the housing, water, electricity and fuel sectors but stabilized during the last five months of 2015. The year-on-year inflation rate in December 2015 was 17.7 per cent, as compared to a rate of 17.0 per cent recorded at the beginning of the year. As part of efforts to reduce inflationary pressures, the Central Bank reviewed the monetary policy rate thrice, ending the year at 26 per cent.

The country's energy crisis had a significant effect on businesses and households and showed little signs of improvement during the year. However, the arrival of the Karpower barge and the commencement of power generation at the Takoradi International Company steam unit towards the end of the year alleviated the energy situation. It is expected that these additional power generation units will stabilize the generation and supply of energy albeit result in increased consumer tariffs.

The local currency performed better in 2015 than in 2014 on the back of tight monetary policy and flows from the successful issuance of the Eurobond, cocoa syndicated loan and inflows from the IMF programme. The cedi depreciated by 15.7 per cent against the US dollar in 2015 compared to a rate of 31.3 per cent in 2014.

The equity market performed poorly in 2015, recording a return of -11.7 per cent as against a 5.1 per cent return in 2014. Financial stocks performed worse than the market after posting returns of -14.0 per cent compared to 25.6 per cent in 2014. The successful introduction of the Ghana Alternate Exchange in 2015 saw four SME's take advantage of the opportunity to raise equity capital from the general public. The fixed income market also witnessed a comparatively vibrant corporate bond market with four companies successfully issuing corporate bonds to the general public. In the government securities space, the government of Ghana looked to restructure its debt maturity and yield profile by issuing longer dated instruments through private book runners. The last 3 and 5 year bonds issued by the government of Ghana cleared at 24.5 per cent and 24.0 per cent respectively in 2015.

Portfolio

The portfolio generated a gross return of 23.1 per cent for the period, primarily as a result of successful allocation of the portfolio to the different permissible asset classes. The fund reviewed its asset allocation to increase its exposure to corporate bonds and short dated fixed income securities while reducing exposure to the equity market. The timely review influenced the portfolio's return positively by cushioning it from the abysmal performance of the equity market while taking advantage of the increasing yield in short dated fixed income securities.

Outlook of 2016

It is expected that Ghana's economy will continue to make strides towards recovery in 2016. Fiscal discipline will be key in accelerating the economy's recovery as the IMF continues to monitor the country's progress. Historical records have shown that election years in Ghana are mostly characterized by increased government expenditure and budget deficits; the key objective in 2016 will be to ensure fiscal discipline per the expectations of the IMF. The 2016 budget will be instrumental in addressing the revenue shortfalls and ensure the achievement of the ongoing fiscal consolidation objectives.

The successful implementation of this budget plan will lead to improved fiscal discipline. Domestic revenue mobilization is expected to increase with the implementation of proposed tax compliance measures, improved revenue administration and the rollout of the excise stamp project. We expect fiscal balance to improve slightly with increased revenue from taxes, utility tariffs and fuel levies. It is also estimated that monetary policy will continue to be restrictive, with the Bank of Ghana policy rate staying above 26 per cent within the first six months of 2016. We anticipate that the Central Bank

will use its monetary policy rate to gradually steer inflation towards the 2016 year-end target of (10.1 +/- 2) per cent. Ghana's external position still remains vulnerable in light of the current global economic downturn. Challenges to China's economic growth, the impact of lower commodity prices and the additional tightening of financial conditions across emerging economies still pose a threat to Ghana's external balance. In our view, the existing wide current account balance deficit poses a threat to the Ghanaian currency. However, we expect tight monetary policy and inflows from bond issuance to support the stabilization of the local currency in 2016. Also liquidity is likely to remain tight throughout 2016 as witnessed in the latter part of 2015.

Tight monetary policy, increased utility tariffs and fuel levies will significantly constrain growth and expansion in the private sector. With both the private and government sectors under pressure, the backdrop of falling global commodity prices, we do not expect the Ghanaian economy to grow by more than 3.5 per cent in 2016 (contrary to the Government's growth target of 5.4 per cent in 2016).

On the fixed income market, rates are expected to remain stable in the first quarter of 2016. However, yields for the 91 and 182 day bills are projected to pick up in the second quarter as government seeks to attract more funds to finance its deficits. If this trend should continue into the second half of the year, it is anticipated that market rates for the 91 and 182 day bills will increase, inching closer to the policy rate as the government increases its borrowing demands in a tight monetary environment.

We also anticipate lackluster equity performance in the first half of the year with a marginal pickup in performance in the second half as investors regain confidence in the underlying stocks and companies reflect the improved power supply in their financials. Notwithstanding, we expect increased activity on the stock exchange and a better return performance of the market compared to the year 2015.

Portfolio Strategy

Given our position on the trend of interest rates on the market, we will continue to adopt a short term approach to investments in 2016. We will also position ourselves to take advantage of opportunities in the corporate bonds market when they arise. In mitigating potential default risk, we will critically evaluate issuers of corporate bonds by looking at their cash flows, net asset value, compounded average growth rate and the sustainability of their business models. On equities, although the market is likely to pick up in the second half of the year, we will not increase our current allocations. Our main objective is to preserve the value of our scheme members' contributions by taking advantage of the current high returns for fixed income securities.

Conclusion

We would like to thank all our fund members for the confidence reposed in us as their preferred trustee within the pensions industry in Ghana. The year 2016 looks challenging; however, we expect the capital market to recover in the second half of the year. We will look to exploit any opportunities for 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 the safe hands.

For and On behalf of the Scheme Members

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Trustee



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Trustee



Statement of Trustees' Responsibilities for the Year Ended 31 December 2015

The trustees are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the scheme at the end of the financial year and of the profit or loss of the scheme for that year.

In preparing those financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgments and estimates that are reasonable and prudent
- State whether the applicable accounting standards have been followed
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the scheme will continue in business.

The trustees are responsible for ensuring that the scheme keeps accounting records which disclose with reasonable accuracy the financial position of the scheme and which enables them to ensure that the financial statements comply with International Financial Reporting Standards. They are responsible for taking such steps as are reasonably open to them to safeguard the assets of the scheme, and to prevent and detect fraud and other irregularities.



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Trustee



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Trustee

Independent Auditor's Report to the Members of Petra Opportunity Pension Scheme

Report on the Financial Statements

We have audited the financial statements of Petra Opportunity Pension Scheme, which comprise the statement of financial position as of 31 December 2015, statement of comprehensive income, statement of changes in net asset available for benefit and the cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes, and have obtained all information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit

Trustees' Responsibility for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with Pension Act 2008 (Act 766) as amended. These responsibilities include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit

Opinion

In our opinion, the Scheme has kept proper accounting records and the financial statements are in agreement with the records in all material respect and give in the prescribed manner, information required by the Pension Act 2008 (ACT766) as amended. The financial statements give a true and fair view of the financial position of the Scheme as at 31 December 2015, and of its performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

The Ghana Pensions Act 2008, (ACT 766) as amended requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion, proper books of accounts have been kept by the Scheme so far as appears from our examination of those books, and
- iii. The statement of financial position and statement of comprehensive income of the Scheme are in agreement with the book of account.

Intellisys

Signed by: Ben Korley (ICAG/P/1051)
For and on behalf of Intellisys (ICAG/F/2016/078)
Chartered Accountants
Swanzy Arcade, Accra

Date: 29th April, 2016

Financial Statements

Statement of Financial Position as At 31 December, 2015

	Note	2015	2014
Assets			
Current Assets			
Cash and cash equivalent	9	90,692,733	36,393,392
Receivables	10	1,034,388	291,101
	11	3,205,934	1,676,801
Total assets		94,933,055	38,361,294
Liabilities			
Payables	12	1,046,239	435,681
Total Liabilities		1,046,239	435,681
Net assets available to pay benefits		93,886,816	37,925,613
Represented by:			
Members' Fund	13	74,359,780	30,480,518
Retained Earnings		19,527,036	7,445,095
		93,886,816	37,925,613



 Trustee



 Trustee

Statement of Cash Flows for the Year Ended 31 December, 2015

	Note	2015 GH¢	2014 GH¢
Operating profit for the year before Tax		12,081,941	5,591,160
Adjustments for:			
Gain on sale of investment		(8,988,112)	(5,682,444)
Changes in net market value of investments		763,816	(287,094)
Increase in payables		610,558	227,846
Increase in receivables		(1,529,134)	(619,487)
Net cash from operating activities		2,939,069	(770,019)
Cash flow from investing activities			
Payment for purchase of investments	9a	(149,629,217)	(46,111,270)
Proceeds from investment maturities	9b	103,551,880	32,409,364
Proceeds from disposal of investments	9b	2,292	10,530
Net cash used in investing activities		(46,075,045)	(13,691,376)
Cash flow from financing activities			
Contributions		43,879,263	14,548,008
Net cash from financing members		43,879,263	14,548,008
Movement in cash and cash equivalents		743,287	86,613
Cash and cash equivalents at 1 January		291,101	204,488
Cash and cash equivalents at 31 December		1,034,388	291,101
Analysis of cash and cash equivalents during the period			
Cash and cash equivalents at 31 December		1,034,388	291,101

Notes to the Financial Statements for the Period Ended 31 December 2015

General information and summary of significant accounting policies

Corporate Information

Petra Opportunity Pension Scheme is a private pension trustee scheme registered in Ghana under the Companies Code, 1963 (Act 179) and the Pensions 2008 (Act 766) as amended. The Scheme is permitted by its deeds to carry on, inter alia, the business of establishing a Master Trust Scheme for individuals operating in Ghana. The address of the registered office of the Scheme is 113 Airport West, Dzorwulu, Accra- Ghana.

Statement of Compliance

The financial statements have been prepared in accordance with all International Financial Reporting Standards, issued by the International Accounting Standards Board.

Basis of Preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as defined by IAS 1. They have been prepared on a historical cost basis except for the following assets and liabilities that are stated at their fair values: financial instruments that are at fair value through profit or loss; financial instruments classified as available-for-sale.

Use of Estimates and Judgment

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

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates is revised if the revision affects only that period or in the period of the revision and future periods.

Summary of Significant Accounting Policies

The significant accounting policies adopted by Petra Opportunity Pension Scheme under the International Financial Reporting Standards (IFRSs) are set out below.

Financial Assets

The Scheme classifies its financial assets in the following categories: financial assets as fair value through profit or loss; loans and receivables; and available-for-sale financial assets; and held-to-maturity investments. Financial liabilities are classified as either held at fair value through profit or loss, or amortized cost. Management determines the categorization of its financial assets and financial liabilities at initial recognition.

Financial assets are recognized initially on the trade date, which is the date that the Scheme becomes a party to the contractual provisions of the instrument. Upon initial recognition, attributable transaction costs are recognized in the statement of comprehensive income as incurred.

All other non-derivative financial assets including accrued investment income and due from investment dealers are measured at amortized cost.

The Scheme derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Scheme neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

On the derecognition of a financial asset, the difference between the carrying amount of the asset and consideration received is recognized in the statement of comprehensive income as a net realized gain or loss on sale of investments.

Financial Liabilities

All financial liabilities are recognized on the trade date at which the Scheme becomes a party to the contractual provisions of the instrument.

The Scheme derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of net assets, when, and only when, the Scheme has a legal right to offset the amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Scheme considers its accounts payable and accrued liabilities to be a non-derivative financial liability.

Fair value measurement

In determining fair value, the Scheme has early adopted the guidance in IFRS 13, Fair Value Measurement ("IFRS 13"), in Part I of the CICA Handbook. As allowed under IFRS 13, if an asset or a liability measured at fair value has a bid and an ask price, the price within the bid-ask spread that is the most representative of fair value in the circumstances shall be used to measure fair value. The Scheme uses closing market price as a practical expedient for fair value measurement.

When available, the Scheme measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Scheme establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation than when the valuation is supported wholly by observable market data or the transaction is closed out.

The investments are stated at fair value.

Fair values of investments are determined as follows:

Bonds, debentures and equities are valued at year-end quoted market prices where available. Where quoted prices are not available, estimated fair values are calculated using comparable securities.

Investment transactions are accounted for on the trade date

Net realized and unrealized gains (losses):

The net realized gain (loss) on sale of investments is the difference between proceeds received and the average cost of investments sold. The net unrealized gain (loss) is the difference between the cost and fair market value of the investment.

Investment income:

Investment income, which is recorded on an accrual basis, includes interest income, dividends and pooled fund distributions.

Dividends

Dividend income is recognized in the statements of comprehensive income when the right to receive income is established.

Cash and Cash Equivalents

For the purposes of cash flow statement cash and cash equivalents include cash, amounts due from non-financial institutions and financial institutions and short term government securities maturing in three months or less from the date of acquisition.

Foreign currency translation:

The fair values of foreign currency denominated investments included in the statement of net assets are translated into Ghana cedis at year end exchange rate. Gains and losses arising from translations are included in the change in net unrealized gains or loss in investments.

Foreign currency denominated transactions are translated into Ghana cedis at the rate of exchange on the date of the related transaction. Cost of investments, as disclosed in note 2, are translated into Ghana cedis at the rate of exchange on the date of purchase.

Income taxes:

The Scheme is not subject to income taxes since it is a Provident Fund as defined by the Pension Act 2008 (Act 766) as amended.

Provision

Provisions for restructuring costs, legal claims and similar events are recognized in the statement of financial position when: the Scheme has a present legal or constructive obligation as a result of past events; it is more likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. When the Scheme expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset when the reimbursement is virtually certain. The charge relating to any provision is presented in the statement of comprehensive income net of any reimbursement

Related party

Petra Trust Company Limited provides certain administrative services to the Scheme. The cost to the Scheme for these services in the year ended December 31, 2015 were GH¢ 699,241.96 being the exchange amount agreed to by the parties, and is included in the administrative expenses and professional fees in the statement of changes in net assets available for benefits. At December 31, 2015 accounts payable and accrued liabilities included GH¢ 184,390.82 owing to the Petra Trust Company Limited relating to such services.

Financial instruments:

The objectives of the Scheme are to accumulate funds for the long term savings income for members of the Scheme. The objectives of the Trustee are to establish suitable investment vehicles that meet the risk tolerances of the members and to provide information and education to enable the members to understand the nature of the investments.

The investment vehicles provided in the Scheme are portfolios managed by independent investment firms. The Trustee manages the following risks by allocating the funds among the asset classes available and in doing so; delegates the risk management within the individual asset classes to its investment advisors.

Fair values:

The fair value of investments are disclosed in note 2. The fair value of other financial assets and liabilities, being contributions receivable and accounts payable and accrued liabilities, approximates their carrying value due to the short-term nature of these instruments.

Fair value measurements recognized in the statement of net assets available for benefits are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values.

Associated risks

Market price risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issue or all other factors affecting all instruments traded in the market. As all of the Plan's financial instruments are carried at fair value with fair value changes recognized in the statement of comprehensive income, all changes in market conditions will directly affect the change in net assets available for benefits. Market price risk is managed by the Administrator through construction of a diversified portfolio of instruments traded on various markets and across various industries. In addition, market price risk may be hedged using derivative financial instruments such as futures contracts

Foreign currency risk:

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Scheme invests in financial instruments and enters into transactions denominated in various foreign currencies. Consequently, the Scheme is exposed to risks that the exchange rate of the foreign currency may change in a manner that has an adverse effect on the value of the portion of the Scheme's assets or liabilities denominated in currencies other than Ghana cedis. The Scheme's overall currency positions and exposures are monitored on a regular basis by the trustees, in accordance with the currency risk management program. The sensitivity to foreign currency risk is included in the market price risk analysis.

Liquidity risk:

Liquidity risk is the risk that the Scheme will not be able to meet its obligations as they fall due. The Scheme maintains an investment policy, as approved by the Trustees, which contains asset mix guidelines which help to ensure the Scheme is able to liquidate investments to meet its pension benefit or other obligations.

The accounts payable and accrued liabilities are all due within 90 days or less.

Interest rate risk:

Interest rate risk refers to the adverse consequences of interest rate changes on the Scheme's cash flows, financial position and income. The value of the Scheme's assets is affected by short-term changes in interest rates and equity markets. Interest rate changes directly impact the value of any fixed securities in the pooled funds. The sensitivity to interest rate risk is included in the market price risk analysis.

Credit risk:

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Scheme. Credit risk is generally higher when a non-exchange traded financial instrument is involved because the counterparty for non-exchange trade financial instruments is not backed by an exchange clearing house.

Legal risk:

The Scheme is not dependent on any patent or any industrial, commercial or financial contract. The Scheme's activities are undertaken in a manner which adequately reduces the Risks which may arise out of material litigation to be initiated against it (the Scheme).

Reputational risk:

The Scheme conducts its business in a responsible, professional and transparent way. By offering simplified products and following the necessary legal and regulatory processes, the Scheme safeguards the interest of its customers as well as its reputation. Furthermore, the Scheme maintains close ties with the communities in which it operates by supporting them in various ways.

This is aimed at demonstrating our commitment and fostering a long term relationship with our customers and the public at large. We manage our image and reputation in a professional manner.

Petra Opportunity Pension Scheme Notes to the Financial Statements For the period ended 31 December 2015

3. Interest Income

	2015 GH¢	2014 GH¢
Interest on Ghana Government Bonds	3,085,485	2,396,252
Interest on Corporate Bonds	1,099,074	38,686
Interest on Treasury Bills	4,279,093	1,209,476
Interest on Fixed Deposit	5,607,605	1,903,503
Interest on Call Account	105,882	93,075
	<u>14,177,139</u>	<u>5,640,993</u>

4. Administrative expenses

	2015 GH¢	2014 GH¢
Management fees	1,485,504	548,166
Audit fees	10,000	8,000
General office expenses	9,507	5,475
	<u>1,505,010</u>	<u>561,641</u>

5. Other Income

	2015 GH¢	2014 GH¢
Dividend Income	<u>175,104</u>	<u>44,575</u>
	<u>175,104</u>	<u>44,575</u>

6. Taxation

The Fund is exempt from income tax in accordance with provisions of the National Pensions Act 2008 (Act 766) as amended and the Internal Revenue Act 2000 (Act 592)

Petra Opportunity Pension Scheme Notes to the Financial Statements for the Year Ended 31 December, 2015

7. Net realised gain on sale of investment	2015 GH¢	2014 GH¢
Realised gain on other asset	91,656	215,579
Realised (loss) on Quoted Equities	(1,475)	(7,491)
Realised gain/(loss) on Ghana government bonds	22,549	(27,949)
	<hr/>	<hr/>
	112,730	180,139
	<hr/>	<hr/>
8. Net unrealised gain on investment	2015 GH¢	2014 GH¢
Unrealised gain/(loss) on Quoted Equities	(977,185)	31,435
Unrealised gain/(loss) on Ghana Government Bonds	(169,165)	324,340
Unrealised gain/(loss) on Fixed Deposits	31,399	(68,681)
Unrealised Gains on Collective Investments	236,928	-
	<hr/>	<hr/>
	(878,022)	287,094
	<hr/>	<hr/>

a. Analysis of change in value of investments

Financial Instruments	Balance 1/1/2015	Purchases at cost	Accrued Interest at 31/12/15	Interest received	Disposals/ Maturities at Cost	Change in Value	Value at 31/12/2015
Quoted Equities	2,293,026	4,622,063	-	-	3,767	(977,185)	5,934,137
Treasury Bills	9,319,430	58,669,401	1,478,894	2,800,198	46,020,320	-	26,247,603
Fixed Deposits	11,928,529	57,192,523	1,625,803	4,858,030	40,971,135	123,055	28,272,972
GOG Bonds	12,101,407	16,808,230	126,505	2,911,354	11,449,929	(146,615)	17,313,092
Corporate Bonds	751,000	11,030,200	1,099,074	499,264	400,000	-	11,381,200
Collective Investment	-	1,306,800	-	-	-	236,928	1,543,728
	36,393,392	149,629,217	4,330,277	11,068,846	98,845,152	(763,816)	90,692,733

b. Proceeds from Disposal/Maturity of Investments

	Disposals	Maturities
Quoted Equities	2,292	-
GOG Bonds	-	11,437,913
Treasury Bills	-	46,171,047
Fixed Deposits	-	45,428,048
Corporate Bonds	-	514,872
	2,292	103,551,880

Stock Type Description	Stock Description	Year end Stock	Year end price	Stock Value
Ayrton Drugs Manufacturing Company Ltd	AYRTN	142,040	0.18	25,567
Benso Oil Palm Plantation Ltd	BOPP	20,000	2.50	50,000
CAL Bank Ltd	CAL	509,450	1.00	509,450
Ecobank Ghana Ltd	EBG	114,565	7.01	803,101
Ecobank Transnational Incorporation	ETI	985,200	0.27	266,004
Enterprise Group	EGL	234,600	2.40	563,040
Fan Milk Ltd	FML	34,100	7.35	250,635
GCB Ltd	GCB	189,670	3.79	718,849
Ghana Oil Company Ltd	GOIL	202,741	1.40	283,837
Guinness Ghana Breweries Ltd.	GGBL	79,098	1.99	157,405
HFC Bank	HFC	158,440	0.90	142,596
Produce Buying Company Ltd	PBC	167,966	0.10	16,797
PZ Cussons	PZC	36,200	0.34	12,308
SIC Insurance	SIC	162,515	0.14	22,752
Societe Generale Ghana Ltd	SOEGEH	467,730	0.80	374,184
Standard Chartered Bank	SCB	67,370	16.30	1,098,131
Total Ghana Ltd.	TOTAL	94,855	5.10	483,761
Tullow Oil	TLW	1,424	28.00	39,872
Unilever (Ghana) Ltd	UNIL	10,748	8.50	91,358
UT Bank Ghana Ltd	UTB	244,900	0.10	24,490
TOTAL		3,923,612		5,934,137

10. Cash and Cash Equivalents

	2015	2014
	GH¢	GH¢
Bank Balance	1,034,388	291,101
	1,034,388	291,101

11. Receivables

	2015	2014
	GH¢	GH¢
Accrued Interest Receivable		
Corporate Bond	638,497	38,686
Ghana Government Bond	936,017	761,886
Fixed Deposit	1,625,803	876,229
Other Receivables	5,618	-
	3,205,934	1,676,801

12. Payables

	2015	2014
	GH¢	GH¢
Trade payables	34,581	29,434
Management fees arrears	481,718	203,265
Redemptions payable	511,559	115,746
Other payables	18,381	87,236
	1,046,239	435,681

13. Members' Fund

	2015	2014
	GH¢	GH¢
Contributions from members	74,359,780	30,480,518
Retained earnings	19,527,036	7,445,095
	93,886,816	37,925,613



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