

ANNUAL REPORT

PETRA OPPORTUNITY PENSION SCHEME, FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

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Petra Opportunity Pension Scheme

Report and Financial Statements 2017

Particulars of Service Providers/Advisors

Chair of the Board of Trustees	Kofi Fynn - Representing Petra Trust Company Limited 113, Airport West, Dzorwulu, Accra P.O. Box CT 3194 Cantonments Accra Tel: +233 302 740963
Secretary to the Board of Trustees	Kukua Awo Pratt 113, Airport West, Dzorwulu, Accra P.O.Box CT 3194 Cantonments Accra Tel: +233 302 740963
Sponsor of the Scheme	Petra Trust Company Limited 113, Airport West, Dzorwulu, Accra P.O.Box CT 3194 Cantonments Accra Tel: +233 302 740963
Pension Fund Custodian	Stanbic Bank Ghana Limited P.O.Box CT 2344 Cantonments Accra Tel: +233 302 610690
Administrator	Petra Trust Company Limited 113, Airport West, Dzorwulu, Accra P.O.Box CT 3194 Cantonments Accra Tel: +233 302 740963
Auditors	Intellisys No. 2 Lardzeh Crescent North Dzorwulu P. O. Box KN 4169 Kaneshie Tel: +233 302 502801

Petra Opportunity Pension Scheme

Report and Financial Statements 2017

Particulars of Service Providers/Advisors

Pension Fund Managers

NDK Capital Limited
No. 001 28th February Road
Osu, Accra
Tel: +233 302 218423

Black Star Advisors
F. 305/5 5th Norla Link
North Labone Accra
Tel: +233 302 767688

FirstBanC Financial Services Limited
7 Volta Street
Off Patrice Lumumba Street Airport Residential Area
Accra
Tel: +233 302 660709

Frontline Capital Advisors Limited
No. 8 Otu Kofi Link
Osu, Accra
Tel: +233 302 784177

IC Asset Managers (Ghana) Limited
No. 2, 2nd Ridge Link
Accra
Tel: +233 302 765086

UMB Investment Holdings Limited
57 Examination Loop
Accra
Tel: +233 302 251137

Fidelity Securities Limited
Ridge Tower
Ridge
Tel: +233 302 214490

SDC Brokerage Services Limited
Hse No. D921/3, Asafoatse Nettey Street
Accra
Tel: +233 302 669372

Petra Opportunity Pension Scheme

Report of the Trustees

To the members of the Petra Opportunity Pension Scheme

Introduction:

The Trustees of Petra Opportunity Pension Scheme ("the Scheme") present their annual Trustee Report together with the Independent Auditor's Report, summary of contributions for the year ended 31st December, 2017 and Financial Statements and explanatory notes prepared in accordance with International Financial Reporting Standards (IFRS).

Establishment, Nature and the Status of the Scheme

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

The Scheme is a tax exempt pension fund under National Pensions Act, 2008 (Act 766) as amended. The Scheme's activities are bound by provisions of the National Pensions Act, 2008 (Act 766) as amended, 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 Governing Rules approved on 12th November, 2012. Scheme Governing Rules and Trust Deed 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	11,473	2,903	686	13,690

II. SUMMARY STATISTICS

Description	Deferred contributions	Transfers In	Transfers Out	Partial Withdrawals	Retirement (Statutory)	Retirement (Early)	Permanent Emigration	Incapacitated members	Death
Numbers				5,838	72	16	7	0	10

Scheme Performance

The Scheme generated a net return of 23.04% for the year 2017 (2017 unit price of GHS 3.002237 and 2016 unit price of GHS 2.440003). This performance compared favourably against an average 91 day Treasury bill rate of 14.07%, annual inflation of 11.8% year on year, and cedi depreciation of 4.9% against the US dollar in 2017. The Scheme size grew from GHS 162,265,932 at the beginning of the year to end the year at GHS 277,555,158 a growth of 58%.

Economic and Market Review

In 2017 Ghana's economy grew by 7.9% in real terms, the highest GDP growth rate for the last 4 years. The major driver of growth was increased oil production boosted by the opening of the Sankofa-Gye-Nyame (SGN) fields and the deferral of the FPSO Turret Remediation Project to 2018. Growth in the non-oil sectors however declined by 0.02% to 4.80% due to low capital expenditure as well as low private sector credit growth.

Petra Opportunity Pension Scheme

Report of the Trustees

To the members of the Petra Opportunity Pension Scheme

The year ended with a fiscal deficit of 5.6%, which was well below the target deficit of 6.3% projected by government. This was achieved by low spending on the part of government, the implementation of the medium-term debt management strategy as well as some revenue mobilization tactics such as the introduction of paperless transactions at the Ports. Headline inflation steadily fell throughout the year which was attributed broadly to low spending by government, and exchange rate stability. Rising food prices as well as increased international oil prices however exerted upward pressure on inflation in the latter parts of the year (November and December). Overall, year on year inflation fell by 360 basis points, ending the year at 11.8%. The monetary policy committee also cut the policy rate to 20% in response to the downward trend in inflation.

On the currency front, the Ghana Cedi performed better in 2017 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 4.9% as compared to depreciation rate of 9.7% in 2016. This was as a result of an improvement in the balance of trade, influenced by forex inflows from oil and gas, increasing commodity prices on the world market, as well as a weakened dollar. The dollar depreciated by 12.37% in the face of strong performance by the Euro.

2017 was occasioned by bullish investor sentiment for two major reasons; conflict-free elections and the subsequent peaceful transfer of power to the new government, as well as the various interventions promised by the incoming government aimed at accelerating economic growth including a reduction in nuisance taxes, lower lending rates, establishment of E.S.L.A. Plc that helped reduce Non-Performing Loans within the banking sector and the “One District One Factory” initiative among others. The stock market consequently saw a positive return at the end of 2017 after performing poorly for two consecutive years prior. The composite index returned 34.49% while the financial index generated a return of 29.80%.

In line with the government’s goal of stimulating private sector growth, fixed income rates declined steadily as the year progressed with a few exceptions. 91-day treasury rates declined by 348 basis points to close the year at 13.34%. The 182-day bill and 1 year note followed similar trends closing the year at 13.88% and 15.00% respectively, representing a fall of 472 and 650 basis points respectively.

On the regulatory front the National Pensions Regulatory Authority (NPRA) introduced additional investible asset classes in April 2017. The additions were Local Government and Statutory Agencies and Alternative Investments. These asset classes offer exciting alternatives for fund managers and also allow pension funds to directly influence private sector development in line with government’s goal of stimulating private sector growth.

Portfolio Review

The portfolio generated a net return of 23.04% (2017 unit price of GHS 3.002237 and 2016 unit price of GHS 2.440003) which is equivalent to a real return of 11.24%, primarily as a result of a successful allocation of the portfolio to the different permissible asset classes. The Scheme leveraged on the capitals gains from the bond market in the second half of the year by increasing its holdings of Government of Ghana Bonds (including local government bonds) from 37.77% in 2016 to 50.86% in 2017. The scheme however reduced its collective investment allocation from 1.85% in 2016 to 0.09% in 2017. This was to reduce the impact of falling short term yields on the scheme performance. Our equity holdings moved downwards from 3.06% in 2016 to 2.88% in 2017. Corporate bonds also fell from 22.18% in 2016 to 16.99% in 2017.

PETRA OPPORTUNITY PENSION SCHEME

Report of the Trustees

To the members of the Petra Opportunity Pension Scheme

Economic and Financial Markets Outlook

Following an improved macroeconomic performance in 2017, we expect GDP growth to continue to be at an elevated level in 2018. The extension of the IMF program to December 2018 is expected to provide the necessary investor confidence as well as the needed economic oversight for fiscal discipline.

We expect government to continue to maintain the policies agreed under the IMF facility. Importantly, we believe that the stance towards tight fiscal and monetary policy will be adhered to. However, as inflation continues to slowly inch down towards 9%, we anticipate that the central bank will gradually reduce policy rate beginning in the second quarter of the year.

Also, we expect government to continue to put Ghana to work with the implementation of the Akufo-Addo Program for Economic Transformation which is aimed at accelerating the industrialization of the economy. Stable power supply, the reduction in electricity tariffs, proposed tax breaks and incentives should lead to more recovery in the activity and profitability of the private sector. The introduction of Voluntary Disclosure Procedures (VDP) in the Revenue Administration Act, 2016 (Act 915) should help address revenue slippages as well as the fiscal deficit.

Based on our expectation of tight fiscal policy and increased private sector activity, we believe that the Ghana Cedi will depreciate marginally, not more than 7% against the US Dollar for the year. For the broad macro-economic aggregates, we expect the following outcomes for the year 2018; GDP growth rate of 8% in real terms, an MPC rate of 19%, inflation of 9.5% and local currency depreciation of 6%.

On the fixed income market, we expect short-term (treasury securities and fixed deposits) rates to stabilize within the lower teens during the first half of the year following the downward trend in 2017. We also anticipate that yields on the longer dated government securities will contract toward 16.5% by the end of the year.

In this environment, the stock market should continue its surge in 2018 as investors look for lucrative alternatives as interest rates trend downwards to the lower teens. Also we expect a number of rights issues and IPOs as financial institutions seek to raise the needed capital to meet the new minimum capital requirements.

We also expect the recent trend of corporate bond issuances to extend to the banking sector as banks explore options to shore up their stated capital to meet the new minimum capital requirement by December 2018. We also anticipate that other industries will look to tap into pension funds for capital.

2018 Portfolio Strategy

Our outlook on general economic and financial market performance in 2018 leads us to the following portfolio strategy:

- Continue to 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.
- Reduce exposure to the banking sector
- Take opportunistic positions in equities.
- Explore alternative investments

PETRA OPPORTUNITY PENSION SCHEME

Report of the Trustees

To the members of the Petra Opportunity Pension Scheme

Conclusion

We would like to thank all our scheme members for the confidence reposed in us as their Trustees. We will look to exploit any opportunities for better investment performance while mitigating risk. In addition, we will continue with the on-going initiative to ensure the delivery of quality services and convenience for scheme members through an improved members' portal, data validation process and a better customer service experience.

PETRA OPPORTUNITY PENSION SCHEME

Report of the Trustees

To the members of the Petra Opportunity Pension Scheme

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) as amended. We confirm that there has been full compliance with prohibitions on investments which include but are not limited to, use of Pension Fund assets as collateral, investing outside maximum allowable limits, investing outside the scope of assets stipulated by the Investment Guidelines and investing in securities issued by any issuer for which there exist a conflict of interest.

(ii) Investment Allocation

Asset type	Maximum Allocation	Actual Allocation	Investment Income earned	2017	2016
				Year end Value	Year end Value
			GHS	GHS	GHS
Government Securities	60%	37 %	17,944,192	101,306,389	59,968,141
Corporate Bonds	35%	17 %	8,510,871	46,041,234	35,146,398
Money Market Securities	35%	25 %	13,571,676	69,383,474	53,920,897
Quoted Equity	20%	3 %	261,465	7,804,334	4,857,709
Collective Investments	15%	0 %	945,698	246,884	2,937,681
Local Government Securities	15%	13 %	1,143,354	36,540,458	-
Cash		4 %	473,450	12,061,157	1,738,974
TOTAL		100 %	42,850,706	273,383,930	158,569,800

Financials

The Statement of Changes in Net Assets Available for Benefits as presented on page 15 shows an increase in Net Assets available for benefits for the year of GHS 115,289,226 (GHS 65,305,035 for the previous financial year) and the Statement of Net Assets Available for Benefits on page 14 shows the Scheme's Net Assets as at 31st December, 2017 amounting to GHS 277,555,158 (GHS 162,265,932 for the previous financial year).

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) as amended, Guidelines on Fees and Charges and any other directives issued by the Authority from time to time.

Type	Maximum Rate	Actual Rate	2017	2016
			Amount	Amount
	% p.a	% p.a	GHS	GHS
NPRA Fees	0.33	0.33	680,434	402,757
Trustee/Administrator Fees	1.33	1.03	2,681,056	1,576,759
Pension Fund Custodian Fees	0.28	0.24	494,861	292,914
Pension Fund Manager Fees	0.56	0.35	696,931	417,167
Audit Fees			18,000	15,100
Total			4,571,282	2,704,697

PETRA OPPORTUNITY PENSION SCHEME

Report of the Trustees

To the members of the Petra Opportunity Pension Scheme

Trustees

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

License Number	Name	Position	Date of appointment	Date of exit
NPRA/MTPFS/12010/15315	Martyn Mensah	Independent Trustee	November 2012	June 2016
NPRA/MTPFS/12010/15450	Daniel Gyapanin	Member Nominated Trustee	August 2015	-
NPRA/MTPFS/12010/15226	Kweku Brenu	Independent Trustee	August 2016	-
NPRA/MTPFS/12010/15313	Kofi Fynn	Board Chairman	November 2012	-

Statutory requirements

The Trustees have complied with the requirements of the National Pensions Act, 2008 (Act 766) as amended, the National Pension (Amendment) Act, 2014 (Act 883) and the Occupational and Personal (General) Regulations, 2011 (L.I. 1990), Regulations made under it, Guidelines and Board Directives that have been issued.

Auditor

Intellisys (Chartered Accountants) have been Auditor of the Scheme since 2013 and have expressed their willingness to continue in office as Auditors of the Scheme.

For and on behalf of the Board of Trustees

DANIEL GYAPANIN

Name



Signature

30/04/2018

Date

KWEKU OSAE BRENU

Name



Signature

30/04/2018

Date

Petra Opportunity Pension Scheme

Statement of Trustees' Responsibilities

For the year ended 31 Decemer 2017

The National Pensions Act, 2008 (Act 766) as amended 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 (IFRSs) and the requirements of the National Pensions Act, 2008 (Act 766) as amended, 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 judgements 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 Petra Opportunity Pension Scheme.



Independent Auditor's Report

To the Members of Petra Opportunity Pension Scheme

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Petra Opportunity Pension Scheme, which comprise the statement of Net Assets Available for Benefits as at December 31, 2017, and the Statement of Changes in Net Assets Available for Benefits, Statement of Movement in Net Assets Available for Benefits and 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 present fairly, in all material respects, the financial position of the Scheme as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

This section of our auditor's report is intended to describe the matters selected from those communicated with the Trustees that, in our professional judgement, were of most significance in our audit of the financial statements. We have determined that there are no such matters to report.

Other information

Trustees 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 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 the other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

To the Members of Petra Opportunity Pension Scheme (Continued)

Responsibilities of Trustees and Those Charged with Governance for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines 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, Trustees are responsible for assessing the Scheme'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 Trustees either intends to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Scheme's financial reporting process.

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 scepticism throughout the audit. We also:

- 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 trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 cease to continue as a going concern.

Independent Auditor's Report

To the Members of Petra Opportunity Pension Scheme (Continued)

- Evaluate the overall presentation, structure and content of disclosures, the financial statements, including the and whether the financial statements represent the manner that achieves underlying transactions and events in a fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Scheme to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Scheme's audit. We remain solely responsible for our audit opinion.

We communicated 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.

The Companies Act, 1963 (Act 179) 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 Net Assets Available for Benefits (Balance Sheet) and statement of comprehensive Income (Profit and Loss account) are in agreement with the books of accounts.

The engagement partner on the audit resulting in this independent auditor's report is Theresa Ampadu-Boateng(ICAG/P/1050).



Intellisys - (ICAG/F/2018/078)

Chartered Accountants

No. 2 Lardzeh Crescent, North Dzorwulu

Dated: 30/4/2018

Petra Opportunity Pension Scheme

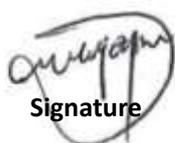
Statement of Net Assets Available for Benefits

As At 31 December, 2017

Figures in GHS	Note(s)	2017	2016
Assets			
Held to Maturity Investments	4	140,280,062	110,018,064
Trade and other receivables	5	25,017,668	11,678,743
Cash and cash equivalents	6	12,061,157	1,738,974
Available for Sale	7	103,177,474	37,377,273
Fair Value through Profit and Loss	8	246,884	2,937,681
Total Assets		<u>280,783,245</u>	<u>163,750,735</u>
Liabilities			
Administrative expenses payable	10	547,364	834,765
Benefits payables	11	2,662,493	541,875
Trade payables	12	18,230	108,163
Total Liabilities		<u>3,228,087</u>	<u>1,484,803</u>
Total Assets less Liabilities		<u>277,555,158</u>	<u>162,265,932</u>
Represented By:			
Net Assets Available for Benefits		<u>277,555,158</u>	<u>162,265,932</u>

The financial statements on pages 14 to 28 were approved by the Trustees on 30TH April 2018 and were signed on their behalf by:

DANIEL GYAPANIN
Name


Signature

30/4/2018
Date

KWEKU SAE BRENU
Name


Signature

30/4/2018
Date

Petra Opportunity Pension Scheme

Statement of Changes in Net Assets Available for Benefits For the year ended 31 December, 2017

Figures in GHS	Note(s)	2017	2016
Description			
Dealings with Members			
Contribution	13	115,920,895	61,419,070
Less: Benefits	14	<u>(42,386,066)</u>	<u>(22,183,165)</u>
A: Net Additions from Dealings with Members		73,534,829	39,235,905
<u>Return on Investments</u>			
B. Investment Income	15	41,905,008	27,958,284
C: Net Gain/(Loss) on Investments	16	4,420,671	815,543
D: Administrative Expenses	17	<u>(4,571,282)</u>	<u>(2,704,697)</u>
Increase In Net Assets for the year (A+B+C+D)		<u>115,289,226</u>	<u>65,305,035</u>

Petra Opportunity Pension Scheme

Statement of Movement in Net Assets Available for Benefits For the year ended 31 December, 2017

Figures in GHS	2017	2016
Description		
Net assets available for benefits as at 1st January	162,265,932	96,960,897
Increase in Net Assets For The Year.	115,289,226	65,305,035
Net assets available for benefits as at 31st December	<u>277,555,158</u>	<u>162,265,932</u>

Petra Opportunity Pension Scheme

Annual Financial Statements for the year ended 31 December 2017

Statement of Cash Flows

For the Year Ended 31 December, 2017

Figures in GHS	Note(s)	2017	2016
Cash flows from operating activities			
Increase in Net Assets for the year		115,289,226	65,305,035
<i>Adjustments for:</i>			
Investment income	15	(41,905,008)	-
Operating cash flow before working capital changes		73,384,218	65,305,035
<i>Adjustment for:</i>			
Loss/(Gain) on maturities and disposals	16	(864,650)	6,897,122
Changes in net market value of investment	9a	(3,556,021)	(149,742)
Increase in trade and other receivables	5	(13,338,925)	(5,398,727)
Increase in trade and other payables		1,743,284	438,562
Net cash from operating activities		57,367,907	67,092,250
Cash flows from investing activities			
Purchase of Treasury Bills	9a	(2,216,039)	(56,129,029)
Purchase of Quoted Equity	9a	(433,860)	(66,136)
Purchase of Money Market Securities	9a	(66,295,737)	(88,134,307)
Purchase of Government Bonds	9a	(87,329,363)	(26,382,795)
Purchase of Corporate Bonds	9a	(28,717,854)	(22,262,240)
Purchase of Collective Investments	9a	(9,005,769)	(2,680,000)
Purchase of Local Government Bonds	9a	(47,645,397)	-
Proceeds from disposal of Treasury Bills	9b	28,139,526	63,348,376
Proceeds from disposal of Quoted Equity	9b	280,219	23,294
Proceeds from disposal of Money Market Securities	9b	56,634,977	46,766,315
Proceeds from disposal of Government Bonds	9b	24,727,431	17,376,266
Proceeds from disposal of Corporate Bonds	9a	17,970,717	0.00
Proceeds from disposal of Collective Investments	9b	12,642,264	1,752,590
Proceeds from disposal of Local Government Bonds	9a	12,298,154	-
Dividend income	9a	261,465	-
Interest income on investment	9a	41,643,543	-
Net cash utilised in investing activities		(47,045,723)	(66,387,664)
Increase in cash and cash equivalents		10,322,183	704,586
Cash and cash equivalents at beginning of the year		1,738,974	1,034,388
Cash and cash equivalents at end of the year	6	12,061,157	1,738,974

Petra Opportunity Pension Scheme

Annual Financial Statements for the year ended 31 December 2017

Accounting Policies

1. General information

Petra Opportunity Pension Scheme is a private pension master trust scheme registered in Ghana under the National Pensions Act 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.

2. Summary of significant accounting policies

The significant accounting policies applied in the preparation of the financial statements are set out below.

2.1 Statement of Compliance

The Financial Statements of the Scheme have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and in compliance with the National Pensions Act 2008 (Act 766) as amended, the Occupational and Personal (General) Regulations (L.I. 1990) and relevant Guidelines.

2.2 Basis of Measurement

The Financial Statements are prepared under the historical cost convention, as modified by the revaluation of certain financial instruments. The actuarial value of pensions and other future benefits of the Scheme are not applicable to the Financial Statements.

2.3 Functional and Presentation Currency

The Financial Statements are prepared in Ghana Cedis (GHS) which is the Scheme's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of the reporting period. 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 the Statement of changes in net assets.

2.4 Contributions

Contributions are recognised in the period in which they fall due. The Contributions are in compliance with rates as per the National Pensions Act, 2008 (Act 766) as amended and the Scheme Governing Rules. Contributions receivable are accrued for one year after they fall due. All outstanding contributions beyond one year is written off from the accounts.

2.5 Benefits

Benefits are recognised in the period in which they fall due. Benefits represent all valid benefit claims paid/ payable during the year in compliance with the National Pensions Act, 2008 (Act 766) as amended and the Scheme Governing Rules.

2.6 Investment Income

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

Petra Opportunity Pension Scheme

Annual Financial Statements for the year ended 31 December 2017

Accounting Policies

2.7 Dividends

Dividend Income from investments is recognised when the shareholders' right to receive payment has been established.

2.8 Financial Assets

The Trustees determine the classification of Financial Assets of the Scheme at initial recognition.

Financial Assets are classified as follows:

a. Financial Assets at fair value through Profit or Loss

A Financial Asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

i. Held for Trading

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

ii. Designated at Fair Value through Profit or Loss

Upon initial recognition as financial asset or financial liability, it is designated by the Trustees 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.

b. Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c. Available-for-Sale Financial Assets

Available-for-Sale financial assets are non-derivative financial assets that are designated on initial recognition as available for sale and are held for an indefinite period of time and may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

d. Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Trustees have the positive intention and ability to hold to maturity.

e. Initial Recognition of Financial Asset

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

Petra Opportunity Pension Scheme

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Accounting Policies

f. Subsequent Measurement of Financial Asset

Available for Sale financial assets are subsequently measured at fair value with the resulting changes recognised in Statement of Comprehensive Income. The fair value changes on available for sale financial assets are recycled to the Statement of Changes in Net Assets when the underlying asset is sold, matured or derecognised. Financial Assets classified as fair value through profit or loss are subsequently measured at fair value with the resulting changes recognised in the Statement of Changes in Net Assets.

g. Derecognition

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

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

h. Amortised Cost Measurement

The amortised 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 amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

i. Identification and Measurement of Impairment

The Trustees assess at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or group of financial assets are impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occur after the initial recognition of the asset, and that loss event has an impact on the estimated future cash flows of the financial asset, or group of financial assets that can be reliably estimated.

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. Impairment losses on available for sale financial assets are recognised by transferring the difference between the acquisition cost and the current fair value out of Net Assets in the Statement of Changes in Net Assets available for benefits.

The Trustees 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 Trustees 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 recognised, are not included in a collective assessment of impairment.

Petra Opportunity Pension Scheme

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Accounting Policies

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 Scheme. 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 recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the Statement of Changes in Net Assets.

Impairment losses on Available-for-Sale financial assets are recognised by transferring the difference between the amortised acquisition cost and current fair value out of Net Assets to the Statement of Changes in Net Assets. When a subsequent event causes the impairment loss on an Available-for-Sale financial asset to decrease, the impairment loss is reversed through the Statement of changes in net assets. However, any subsequent recovery in the fair value of an impaired Available-for-sale financial asset is recognised directly in Net Assets.

2.9 Provisions

Provisions are recognised when the Scheme 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.

2.10 Cash and Cash Equivalents

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

2.11 Financial Risk Management, Objectives and Policies

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

- Asset/Portfolio/Credit risk
- Liquidity risk
- Market risk
- Interest Rate risk
- Operational risk
- Currency/Foreign Currency Exchange Rates

This note presents information on the Scheme's exposure to each of the risks, the Scheme's objectives, policies and processes for measuring and managing risk.

Petra Opportunity Pension Scheme

Annual Financial Statements for the year ended 31 December 2017

Accounting Policies

Risk Management framework

The Trustees have overall responsibility for the establishment and oversight of the Scheme's Risk Management framework.

The Scheme's Risk Management policies are established to identify and analyse the risks faced by the Scheme, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Trustees, through the standards and procedures aims to develop a disciplined and constructive control environment, in which all Trustees understand their roles and obligations.

The Trustees are responsible for monitoring compliance with risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to risks faced by the Scheme.

(a) Asset/Portfolio/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.

The Fund'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 fund either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due. 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 (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.

Petra Opportunity Pension Scheme

Annual Financial Statements for the year ended 31 December 2017

Accounting Policies

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Fund'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 Fund 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 Fund'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 Fund 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.

3. Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires management to make judgement, 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 various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Petra Opportunity Pension Scheme

Annual Financial Statements for the year ended 31 December 2017

Accounting Policies

3.1 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 material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3.2 Fair value of Financial Instruments

The framework for measuring fair value provides a fair value hierarchy that prioritise 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 Scheme can access at the measurement date.

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.

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

3.3 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Petra Opportunity Pension Scheme

Annual Financial Statements for the year ended 31 December 2017

Notes to the Annual Financial Statements

Figures in GHS	2017	Restated 2016
4. Held to Maturity Investments		
Corporate Bonds	44,494,510	33,676,312
Money Market Securities	60,079,025	50,418,265
Treasury Bill	-	25,923,487
Local government and statutory securities	35,706,527	-
	<u>140,280,062</u>	<u>110,018,064</u>
5. Trade and other receivables		
Contributions receivable	7,381,802	5,160,498
Interest Receivable - Government Bonds	5,933,249	1,525,090
Interest Receivable - Corporate Bonds	1,546,724	1,470,086
Interest receivable - Local Government Securities	833,931	-
Interest Receivable - Money Market Securities	9,304,449	3,502,632
Trade Receivables	17,513	20,438
	<u>25,017,668</u>	<u>11,678,744</u>
6. Cash and cash equivalents		
This represents balance on the Scheme's Current and Call accounts held with Stanbic Bank Ghana limited at the end of year 2017 of GHS 12,061,157 (2016:GHS1,738,974)		
7. Available for Sale		
Quoted Equity	7,804,334	4,857,709
Government Bonds	95,373,140	32,519,564
	<u>103,177,474</u>	<u>37,377,273</u>
8. Fair Value through Profit and Loss		
Collective Investments	246,884	2,937,681
	<u>246,884</u>	<u>2,937,681</u>

Petra Opportunity Pension Scheme

Annual Financial Statements for the year ended 31 December 2017

Notes to the Annual Financial Statements

Figures in GHS Restated
2017 2016

9. Investments

9.a. Analysis of change in Investments

Financial Instruments	Balance 1/1/ 2017	Purchases at cost	Accrued Interest	Dividend/ Interest received	Disposals/ Maturities at Cost	Change in Value	Value at 31/12/ 2017
	GHS	GHS	GHS	GHS	GHS	GHS	GHS
Quoted Equities	4,857,709	433,860	-	261,465	(519,818)	3,032,583	7,804,334
Treasury Bills	25,923,487	2,216,039	-	2,544,018	(28,139,526)	-	-
Money Market Securities	50,418,265	66,295,737	9,304,449	4,267,227	(56,634,977)	-	69,383,474
Government Bonds	32,519,564	87,329,363	5,933,249	9,466,925	(24,521,257)	45,470	101,306,389
Corporate Bonds	33,676,312	28,717,854	1,546,724	6,964,147	(17,970,717)	71,061	46,041,234
Local Government Securities	-	47,645,397	833,931	309,423	(12,298,154)	359,284	36,540,458
Collective Investments	2,937,681	9,005,769	-	-	(11,744,189)	47,623	246,884
	150,333,018	241,644,019	17,618,353	23,813,205	(151,828,638)	3,556,021	261,322,773

9.b. Proceeds from Disposal/Maturity of Investments

	Disposals GHS	Maturities GHS	Total GHS
Quoted Equities	280,219	-	280,219
GoG Bonds		24,727,431	24,727,431
Treasury Bills		28,139,526	28,139,526
Money Market Securities		56,634,977	56,634,977
Collective Investments		12,642,264	12,642,264
	280,219	122,144,198	122,424,416

10. Administrative Expenses Payable

Other Payables - Withholding tax on fees	25,533	-
Audit Fees Payable	18,000	19,896
NPRA Fees Payable	75,254	121,952
Trustee Fees Payable	296,956	478,367
Fund Manager Fees Payable	76,891	125,858
Custodian Fees Payable	54,730	88,692
	547,364	834,765

11. Benefits Payable

Benefits payable	1,767,344	420,232
Withholding tax payable on benefits	895,149	121,643
	2,662,493	541,875

Petra Opportunity Pension Scheme

Annual Financial Statements for the year ended 31 December 2017

Notes to the Annual Financial Statements

Figures in GHS	2017	Restated 2016
12. Trade Payable		
Trade payable	<u>18,230</u>	<u>108,163</u>
13. Contributions		
Contributions received	108,539,093	56,258,572
Contributions receivable	<u>7,381,802</u>	<u>5,160,498</u>
	<u>115,920,895</u>	<u>61,419,070</u>
14. Benefits		
Lump sum benefit paid	40,618,722	21,762,933
Lump sum benefits payable	<u>1,767,344</u>	<u>420,232</u>
	<u>42,386,066</u>	<u>22,183,165</u>
15. Investment Income		
An analysis of income is as follows:		
Interest on Government Bonds	15,400,174	5,133,940
Dividend Income	261,465	299,701
Interest on Corporate Bonds	8,510,871	5,045,837
Interest on Treasury Bills	2,544,018	6,876,629
Interest on Money Market Securities	13,571,676	10,481,316
Interest income on Local Government Securities	<u>1,143,354</u>	<u>-</u>
Interest on investments	<u>41,431,558</u>	<u>27,837,423</u>
Interest on Call Account	<u>473,450</u>	<u>120,861</u>
	<u>41,905,008</u>	<u>27,958,284</u>
16. Gains/ losses on investment		
Unrealised Gain Local Gov Sec.	359,284	-
Gain/(Loss) in Valuation of Quoted Equity	3,032,583	(1,304,906)
Gain on Disposal of Government Bonds	206,174	372,683
Gain in Valuation of Collective Investments	47,623	257,681
Gain in Valuation of Corporate Bonds	71,061	32,872
Loss on Disposal of Quoted Equity	(239,599)	(24,084)
Gain on Disposal of Collective Investments	898,075	445,785
Gain on Disposal of Other Assets	-	92,266
Gain in Valuation of Government Bonds	<u>45,470</u>	<u>943,246</u>
	<u>4,420,671</u>	<u>815,543</u>

Petra Opportunity Pension Scheme

Annual Financial Statements for the year ended 31 December 2017

Notes to the Annual Financial Statements

Figures in GHS	2017	Restated 2016
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17. Administrative Expenses

Audit Fees	18,000	15,100
NPRA Fees	680,434	402,757
Trustee Fees	2,681,056	1,576,759
Fund Manager Fees	696,931	417,167
Custodian Fees	494,861	292,914
	4,571,282	2,704,697

18. Tax

Under Section 89 (1) of the National Pensions Act, 2008 (Act 766) as amended and Income Tax Act 2015 (Act 896) as amended, the Scheme is exempt from taxation.

19. Commitments and Contingencies

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

20. Event after the balance sheet date

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.

21. Related party transactions

Petra Opportunity Pension Scheme pays its Administrator (Petra Trust Company Limited) management fees.

Details of the fees are as follows;

<u>Name</u>	<u>Relationship</u>	<u>Transactions</u>	<u>Amounts owed to the related party at year-end</u>			
			<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
			<u>GHS</u>	<u>GHS</u>	<u>GHS</u>	<u>GHS</u>
Petra Trust Company Limited	Administra tor	Managemen t fees	2,681,056	1,576,759	296,956	478,367



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