PETRA ADVANTAGE PENSIONS SCHEME

ANNUAL REPORT

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31ST 2018

PETRA TRUST

Table of Contents **Page**

PARTICULARS OF SERVICE PROVIDERS/ADVISORS

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REPORT OF THE TRUSTEES

The Trustees present their report together with the audited Financial Statements of the Scheme for the year ended
31 December, 2018.

Establishment, Nature and the Status of the Scheme

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

The Scheme is a tax exempt pension scheme under the Income Tax Act, 2017 (Act 896) as amended. The Scheme's activities are bound by provisions of the National Pensions Act 2008 (Act 766), the National Pension (Amendment) Act, 2014 (Act 883). Regulations made under it, Guidelines formulated and published and any Board directives that may be issued from time to time as well as the Governing Rules of the Scheme.

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

Scheme Membership Statistics

I. Movement During The Year

Description	Number at beginning of period	Additions	Withdrawals	Number at end of period
Active Members	107,673	33,902	1,282	140,293

II. Summary Statistics

Transfers In	Transfers Out	Partial Withdrawals	Statutory Retirement	Retirement (Early)	Permanent Emigration	Incapacitated Members	Death
-	597	-	835	329	64	8	65

Investment Report

(i) Statement of Investment Principles

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

(ii) Particulars of Investment Policy

Assets Type	Maximum Allocation (%)	Permitted Ranges (%)
Government of Ghana	60	50-60
Corporate Debt Securities	35	30-35
Money Market Securities	35	30-35
Collective Investment Schemes	15	0-15
Local Government and Statutory Agency Securities	15	0-15
Alternative Investments	15	0-0
Equities	20	0-1

(iii) Investment Allocation

Asset Type	Maximum Allocation	Actual Allocation	Investment Income Earned	2018 Year End Value	2017 Year End Value
	%	%	GH¢	GH¢	GH¢
Local Government and Statutory Agency	15	10	9,394,515	50,425,300	47,129,363
Government Securities	60	61	41,978,397	303,814,517	192,925,482
Corporate Bonds	35	8	10,889,319	41,685,411	48,002,419
Money Market	35	10	8,705,445	48,436,538	91,136,851
Quoted Shares	20	1	41,240	3,919,476	4,213,029
Collective Investments	15	6	-	28,333,638	7,819,021
Cash and Cash Equivalents	-	4	800,027	21,196,443	4,547,120
Total		**100**	**71,808,943**	**497,811,323**	**395,773,285**

The Government Securities maximum allocation was temporarily increased to 70% starting December 1, 2018 and ending March 31, 2019.

Financials

The Statement of Changes in Net Assets Available for Benefits as presented on page 16 shows an increase in Net Assets available for benefits for the year of GH¢118,649,753 (2017: GH¢122,016,738) and the Statement of Net Assets Available for Benefits on page 15 shows the Scheme's Net Assets as at 31 December, 2018 amounting to GH¢519,826,222. (2017: GH¢401,214,955).

Expenses

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

			2018	2017
Type	**Maximum Rate**	**Actual Rate**	**Amount**	**Amount**
	% p.a.	**% p.a.**	**GH¢**	**GH¢**
NPRA Fees	0.33	0.33	1,516,783	1,085,831
Trustee/Administrator Fees	1.33	1.33	6,112,972	4,376,228
Pension Fund Custodian Fees	0.28	0.20	919,263	658,229
Pension Fund Mgr. Fees	0.56	0.35	1,536,136	1,105,424
Audit Fees	-	-	41,344	29,375
Total			**10,126,498**	**7,255,087**

Trustees

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

License No.	Name	Position	Date Of Appointment	Date Of Exit
NPRA/MTOPS/12009/15314	Chris Hammond	Chairman - Representing Petra Trust Company Limited	November 2012	-
NPRA/MTOPS/12009/15449	Eric Nana Otoo	Member Nominated Trustee	August 2017	-
NPRA/MTOPS/12009/15226	Kweku Brenu	Independent Trustee	August 2017	-

Scheme Performance

The Petra Advantage Pension Scheme generated a net return of 13.08% (2018 unit price of GHS 3.197289 and 2017 unit price of GHS 2.827400). The scheme performed favourably against annual inflation of 9.40% year on year, and cedi depreciation of 9.60% against the US dollar in 2018. The scheme size grew from GHS 401,214,955 at the beginning of the year to GHS 519,826,222 at year end, representing a growth rate of 29.56%.

Economic and Market Review

Global economic growth for the most part of 2018 was strong, albeit uneven. While economic growth in the United States remained solid, activity in the Euro area, Japan and the United Kingdom was subdued. However, global growth moderated in the fourth quarter of 2018 amid heightened trade tensions, financial market volatilities and uncertainty about the on-going Brexit negotiations. In emerging and frontier markets like Ghana, growth was marred by external shocks including rising oil prices, higher yields in the United States, the US dollar appreciation, trade tensions and geopolitical conflicts.

Ghana's economy grew by 6.3% in 2018, lower than the robust growth of 8.1% (rebased) witnessed in 2017. Highlights for the year included declining inflation, declining public debt to GDP ratios and low levels of fixed income rates against the backdrop of a stable currency amid the emerging market crises contagion. Using 2013 as the base year, the Ghana Statistical Service undertook an exercise to rebase the country's GDP following the production of commercial oil. The rebasing process, which provides a more accurate depiction of a country's overall wealth, involved replacing the old base year of 2006 to 2013. The base year is used for compiling the constant price estimates, among others, and impacts GDP estimates. With this rebasing, the country's debt to GDP ratio reduced from 65.9% to 57.4%, creating more fiscal space for possible government borrowing. Oil continued as the local driver for economic expansion in 2018 driving industry, sector and overall GDP growth. During the first half of 2018, overall real GDP grew by 5.4% reflecting a slower growth in the oil sector than in 2017. However, it made a comeback in the second half of the year.

The broad disinflationary trend witnessed in 2017 continued with its full vigor throughout the year resulting in a year on year inflation rate of 9.4% as at December 2018 compared to 11.8% in December 2017. However, the government missed its year-end target of 8.9% mainly due to the food basket inflation which recorded a 70 bps increase from its open rate of 8%. Despite the missed target, Ghana, for the first time in 5 years, recorded single digit inflation in April 2018 and remained within the Central Bank's inflation target band of 8+/-2 throughout the rest of the year. This was supported by the relatively tight monetary policy stance maintained throughout the year.

Ghana's extended credit facility program with the International Monetary Fund (IMF) was at the center of the country's fiscal environment throughout 2018 as the program gradually came to an end. The country entered the agreement in April 2015 when a collapse in the local currency caused inflation and debt to soar. The program included targets on debt reduction, a reduction on spending and a clean-up of the financial sector. A reduction in the public debt to GDP ratio to 57.4% (rebased) by end of September 2018, primary budget surplus of 0.5% recorded in September 2018 and the Central Bank's successful recapitalization program with 23 banks meeting the banks' new minimum requirement are a sign that the IMF program was satisfactory. One other outcome of the Central Bank's recapitalization program was the consolidation of seven banks into one bank, Consolidated Bank Ghana Limited.

Credit rating agency S&P Global on September 14, 2018 raised the country's sovereign credit rating from "B-" to "B" with a stable outlook. The main driver behind the upgrade was the measures put in place to stabilize Ghana's banking sector as well as the effectiveness of its monetary policy in supporting the credibility of the country's inflation targeting framework. In addition to the Central Bank's role in maintaining a stable price environment, the Bank of Ghana, in consultation with the Association of Bankers, instituted the reference rate in April last year in an attempt to move towards a more market-based model of base rate setting. The base rate for lending moved from the previous minimum lending rate to the new Ghana reference rate. As at December 2018, this new Ghana reference rate was at 16.61%.

Rates on the Government's short-term instruments rose at the end of the year from an open rate of 13.31% and 13.89% to 14.59% and 15.03% for the 91-day and 182-day Treasury bills respectively. The increase in these rates were as a result of the financing pressures the Government experienced amidst its revenue shortfalls. Other money market rates, including interest rates, received on our investments in fixed deposits, declined on the back of the declining policy rate and the introduction of the reference rate.

The cedi appreciated by 0.01% against the US dollar from the start of the year to May 18, 2018 compared to a depreciation of 0.98% in the prior year. Unfortunately, the months afterwards saw the normalization of US monetary policy amid escalating trade tensions, resulting in the strengthening of the US dollar coupled with rising US yield rates which inevitably, weighed in on emerging market assets. A combination of these factors led to tight financing conditions and reverse capital flows in a number of emerging market and frontier economies, including Ghana. These external factors, together with increased demand for foreign exchange from the corporate and energy related sectors, exerted downward pressure on the domestic currency. The Ghana cedi depreciated by 9.16% against the United States dollar in 2018.

The bullish run of the market indices that was pronounced in 2017 continued into the first half of 2018. Speculative investors took advantage of the continuous appreciation to cash in on their investments. This led to an excess supply which wiped off significant gains of a number of shares. Other events and factors such as uncertainties in the banking sector and the non-declaration of dividends by some of the financial stocks reduced risk taking especially in the second half of the year, weighing negatively on the market indices. The Ghana stock exchange composite index recorded a negative return of 0.29% for 2018 compared to a positive 52.73% in 2017.

The pensions regulator, National Pensions Regulatory Authority, engaged industry players (Trustees, Pension Fund Managers and Pension Fund Custodians) on the status of the industry and communicated its activities for 2019. It highlighted key issues such as recapitalization of Corporate Trustees and full enforcement of Custodian guarantee in order to protect scheme funds.

Portfolio Review

The portfolio generated a net nominal return of 13.08% (2018 unit price of GHS 3.197289 versus 2017 unit price of GHS 2.827400) which is equivalent to a net real return of 3.68% for 2018, primarily as a result of a successful allocation of the portfolio to the different permissible asset classes. Collective investment allocations increased in 2018 from 1.98% in 2017 to 6.00% in 2018. The Scheme reduced equity exposure to minimize losses from the stock market. Equity holdings moved from 1.06% in 2017 to 0.82% in 2018. Similarly, the Scheme reduced Corporate bonds from 12.13% in 2017 to 8.43% in 2018, and also allocated 10.21% of its portfolio to Local Government and Statutory Agencies.

Economic and Financial Markets Outlook

We expect political stability to remain underpinned by Ghana's strong democratic credentials. Ghana is gradually building industrial capacity. Recent trends have reflected more machinery in the country’s import basket. Between 2000 and 2017, the total value of machinery imports increased fourfold, to $670 million. This fast increase in machinery imports has had a substantial adverse effect on the country’s current account balance, but it shows a gradual shift toward industrialization. The Government will prioritize industrialization as a means of job creation and economic growth, but with the introduction of the Fiscal Responsibility Act, this tight fiscal picture will restrain the pace of progress. Headline economic growth will be strong but will be concentrated around the oil and gas sectors. Modernizing agriculture will also be another focus of the government to drive non-oil GDP growth. We hold the view that the consensus GDP growth rate of 7.6% by the IMF and other institutions is attainable for the 2019 fiscal year.

The Fed’s dovish stance on monetary policy has helped reduce the level of uncertainty that was gradually building up among global investors. With the recent positive job numbers validating the US decision to be patient on policy rate, we do not expect to see much capital outflows on the back of anticipated US rate hikes in the Ghanaian economy this year. However, most foreign portfolios had their books running in the red from hits they received from Argentina and other emerging markets last year. This has caused most of the foreign investors to slow down their flows into frontier markets like Ghana. On the back of these events, we expect a faster depreciation in the first half of 2019 than we saw for the same period last year. We are forecasting our local currency to post a year on year depreciation of no more than 10 +/- 2 percent against the greenback for the year.

Inflation was subdued for the greater part of 2018 mainly as a result of a decline in non-food inflation. It is expected that the inflation numbers for 2019 will continue to remain stable, not falling much from current levels. We believe the Central Bank will be cautious in easing monetary policy further in the short to medium term despite the high real interest rates and the subdued private sector growth even after the clean-up in the banking sector. However, going into 2020, the Central Bank's hint of a possible reduction of the target inflation may require an easing monetary stance. Given the Monetary Policy Committee’s view that inflationary threats are well anchored, we predict headline inflation to end the year within government’s stated target band.

On the back of a slower depreciation of the cedi, stable price growth and the planned Eurobond issuances, we anticipate a gradual drop in yields towards the end of 2019. Following the recapitalization of banks, we expect financial stocks to lead the resurgence of the equity market performance for the year ahead. We are anticipating robust corporate earnings and positive investor sentiment after a bearish run in 2018. Targeted positions in stocks with attractive valuation multiples will be profitable for our portfolios in the short to medium term.

Nevertheless, volatile energy and financial sectors, utility and oil prices as well as the uncertainty surrounding fiscal discipline after the IMF bailout program ends in April 2019 pose key risks to this outlook.

2019 Portfolio Strategy

Our outlook on general economic and financial market performance in 2019 leads us to the following portfolio strategy:

- Take positions in debt securities to cushion shocks as well as capitalize on gains.
- Reduce exposure to the fixed deposit space.
- Invest in high quality corporate bonds with strong legal arrangements.
- Continue to maintain our exposure to collective investments for indirect exposure to equities and to maintain liquidity
- Take opportunistic positions in carefully selected stocks on the local exchange that offer rewarding risk factor exposures.
- Seek diversification into the alternative asset class space for investments with less correlated returns to fixed income.

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 in investment performance. In addition, we will continue with the on-going initiative to ensure the delivery of quality services and convenience for scheme members.

Thank you for placing your pensions in safe hands.

Statutory Requirements

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

Auditor

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

Statement of Trustees Responsibilities

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

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

The Trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and the requirements of the National Pensions Act, 2008 (Act 766), the National Pension (Amendment) Act, 2014 (Act 883) and the Occupational and Personal Pension (General) Regulations, 2011 (L.I. 1990). The Trustees have instituted appropriate internal controls to avert cases of fraud or error from which material misstatements may arise.

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

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

On Behalf of the Board of Trustees

ERIC N. OTOO	…………………	24/04/2019
Trustee (Name)	Signature	Date
CHRIS HAMMOND	…………………	24/04/2019
Trustee (Name)	Signature	Date

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

Opinion

We have audited the accompanying financial statements of Petra Advantage Pension Scheme (PAPS) which comprise the statement of Net Assets available for benefits as at 31 December 2018, the statement of Changes in Net Assets available for benefit and the statement of Cash Flow for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 18 to 28.

In our opinion, the accompanying financial statements give a true and fair view of the financial transactions of Petra Advantage Pension Scheme (PAPS) as at 31 December 2018 and of the Scheme's financial performance and it cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the National Pensions Act 2008 (Act 766), the National Pension (Amendment)Act, 2014 (Act 883) and the Occupational and Personal Pension (General) Regulations 2011 (L.I. 1990).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the 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

In accordance with ISAs, this part of our report is intended to describe the matters communicated with those charged with governance that we have determined, in our professional judgement, were most significant in the audit of the financial statements. We have determined that, there are no matters to report under key audit matters.

Trustees' Responsibility for the Financial Statements

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

Auditor's Responsibility for the audit of the financial statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by trustees.

- Conclude on the appropriateness of trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of the National Pensions Act 2008 (Act 766), the National Pensions (Amendment) Act, 2018 (Act 883) and the Occupational and Personal (General) regulations, 2011 (L.I.1990)

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

The engagement partner on the audit resulting in this Independent Auditor's Report is **John Armstrong Yao Klinogo (ICAG/P/1116)**

John Kay + Co

For and on behalf of John Kay & Co. (ICAG/F/2019/128)
Chartered Accountants
Accra.
29/04/2019
.... 2019

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AS AT 31 DECEMBER 2018

ASSETS	**Note**	**2018 GH¢**	**2017 GH¢**
Cash & Cash Equivalents	6	21,196,443	4,547,120
Investments at Amortized Cost	7	141,811,647	196,975,910
Investments at FVTPL	8	334,803,233	194,250,255
Trade & Other Receivables	9	23,859,439	6,494,028
Total Assets		**521,670,762**	**402,267,313**
LIABILITIES			
Benefits Payable	10	518,119	81,871
Administrative Expenses Payable	11	1,049,811	688,045
Trade & Other Payables	12	276,610	282,442
Total Liabilities		**1,844,540**	**1,052,358**
Total Assets Less Liabilities		**519,826,222**	**401,214,955**
Represented by:			
Net Assets Available for Benefits (Net Asset Value)		**519,826,222**	**401,214,955**

The Financial Statements on pages 15 to 17 were approved by the Trustees on 24/04/2019………………….. and were signed on their behalf by:

ERIC N. OTOO………………………
Name

…………………………………………
Signature

24/04/2019………………………………
Date

CHRIS HAMMOND……………..
Name

……………………………
Signature

24/04/2019………………………………
Date

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS AS AT 31 DECEMBER 2018

	Note	2018 GH¢	2017 GH¢
DEALINGS WITH MEMBERS			
Contributions	13	75,140,148	68,811,030
Less: Benefits	14	(7,971,440)	(9,648,582)
A: Net Additions from Dealings with Members		**67,168,708**	**59,162,448**
RETURNS ON INVESTMENTS			
Investment Income	15	71,808,943	67,621,412
Less: Brokerage Fees/Levies/Commissions		(38,507)	-
B: Net Investment Income		**71,770,436**	**67,621,412**
C: Net Gains/ (Loss) on Investment Income	16	**(10,162,893)**	**2,487,965**
D: Administrative Expenses	17	**(10,126,498)**	**(7,255,087)**
Increase/ (Decrease) in Net Assets for the year (A+B+C+D)		**118,649,753**	**122,016,738**

STATEMENT OF MOVEMENT IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 GH¢	2017 GH¢
Balance at January 1		401,214,955	278,606,614
Prior year adjustment	22	(38,486)	591,603
Increase/ (Decrease) for the year		118,649,753	122,016,738
Balance at December 31	18	**519,826,222**	**401,214,955**

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 GH¢	2017 GH¢
Increase/(Decrease) in Net Assets for the year		118,649,753	122,016,738
Adjusted for: Prior Year Adjustment		(38,486)	591,603
Investment Income (Non Cash)	16	15,124,999	(7,759,134)
Changes in Fair Value	16	10,162,893	(2,487,965)
CASH FLOWS FROM OPERATING ACTIVITIES			
(Increase)/Decrease in Trade & Other Receivables	9	(17,365,411)	22,349,219
Increase/(Decrease) in Benefits Payable	10	436,248	(41,819)
Increase/(Decrease) in Administrative Expenses Payable	11	361,766	(576,707)
Increase/(Decrease) in Trade & Other Payables	12	(5,832)	(881,028)
Net Cash Generated from Operating Activities		**127,325,930**	**133,210,907**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Gov. Notes/Bonds	16	(176,990,614)	(165,807,392)
Purchase of Local Government and Stat Ag.	16	(18,063,942)	(48,974,553)
Purchase of Treasury Bills	16	(5,375,552)	(61,711,734)
Purchase of Quoted Shares	16	(43,000)	(305,900)
Purchase of Money Market Securities	16	(64,225,573)	(133,022,046)
Purchase of Corporate Bonds	16	(29,355,881)	(28,780,158)
Purchase of Collective Investments	16	(27,023,482)	(24,640,000)
Proceeds from Disposal of Gov. Notes/Bonds	16	42,119,524	49,315,660
Purchase of Local Government and Stat Ag.	16	16,769,042	3,334,964
Proceeds from Disposal of Treasury Bills	16	3,070,657	102,867,841
Proceeds from Disposal of Quoted Shares	16	38,009	246,903
Proceeds from Disposal of Money Market Securities	16	104,044,204	133,541,250
Proceeds from Disposal of Corporate Bonds	16	35,860,001	19,605,318
Proceeds from Disposal of Collective Investments	16	8,500,000	22,707,455
Net Cash used in Investing Activities		**(110,676,607)**	**(131,622,392)**
Net Increase/(Decrease) in Cash and Cash Equivalents		**16,649,323**	**1,588,515**
Cash and Cash Equivalents at 1 January		**4,547,120**	2,958,605
Net Increase/(Decrease) in Cash and Cash Equivalents		16,649,323	1,588,515
Cash and Cash Equivalents at 31 December		**21,196,443**	**4,547,120**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES TO FINANCIAL STATEMENTS

1. Reporting Entity

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

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

2. Basis of Accounting

a. Basis of Preparation

These financial statements have been prepared in accordance with the National Pensions Act 2008 (Act 766), the National Pension (Amendment) Act, 2014 (Act 883) Section 166 and comply with the International Financial Reporting Standards (IFRS) and issued by the Board of Trustees on March 29, 2018.

b. Functional and Presentation Currency

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

c. Use of Judgements and Estimates

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

3. Accounting Policies

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

i. Contributions

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

ii. Investment Income Recognition

a. Interest income

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

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

b. Dividend Income

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

c. Pooled Investment Income

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

iii. Financial Assets

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

a. Financial Assets at Fair Value through Profit or Loss

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

b. Investment Held at Amortized Cost

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

Business model test:

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

Cash flow characteristics test:

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

c. *Initial Recognition of Financial Asset*

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

d. *Subsequent Measurement of Financial Asset*

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

e. *De-recognition*

Financial assets are derecognized 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 recognized as a separate asset or liability.
Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expired.

f. *Amortized Cost Measurement*

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

g. *Identification and Measurement of Impairment*

A financial asset or a group of financial assets are impaired using the "expected credit loss" model, where the Trustees calculate the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes.
The Expected Credit Loss Model (ECL) is used in the recognition of impairment losses. The ECL means that on the day an entity recognizes (enters into a an investment contract) a financial asset, it has to provide from day 1 credit losses up to 12 months expected credit loss even if the financial assets are not credit impaired. When the issuer's credit risk worsens due to some observed conditions, then a lifetime ECL must be booked.

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

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

Future cash flows in a group of financial assets that are collectively valuated 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 recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the Statement of Changes in Net Assets.

h. Cash and Cash Equivalents

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

iv. Foreign Currency

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

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

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

v. Benefits Payable

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

vi. Transfer Values

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

vii. Fees and Commission

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

4. Key Contractors

a. Transaction with Trustees/Fund Administrators

The total Trustees/Administration fees charged during the year amounted to GH¢6,112,972. Included in the payables are Trustee fees of GH¢579,350.

b. Fund Managers

The Trustees of the Scheme appointed Stanlib Ghana Limited, Databank Asset Management, EDC Investments Limited, FirstBanc Financial Services, UMB Investments Holding Limited, Prudential Securities Limited, Black Star Advisors Limited, IC Asset Managers, uniSecurities Ghana Limited, InvestCorp Asset Management Limited, Frontline Securities and New Generation Investments Services, all investment management companies incorporated in Ghana and duly licensed by the Security and Exchange Commission of Ghana and the National Pension Regulatory Authority as pension fund managers, to implement the investment strategy and objectives as stated in the Scheme's investment management policy manual. Under the investment management agreements, the investment managers receive a management fee at an annual rate of 0.35% of the net asset value attributable to members of the Fund. The management fees incurred during the year amounted to GH¢1,536,136. Included in the payables as at 31 December 2018 were fund management fees payable of GH ¢198,235.

c. Fund Custodians

The Trustees of the Scheme appointed Standard Chartered Bank, a limited liability company incorporated in Ghana and registered by the National Pension Regulatory Authority as a pension scheme custodian, to provide custody services to the Trustees as prescribed under the National Pension Act, 2008 (Act 766). Under the custody agreement, the Custodian receives a custodian fee at an annual rate of 0.20% of the net asset value in accordance with guidelines on fees and charges issued by the National Pension Regulatory Authority (NPRA). The Custodian fees charged during the year amounted to GH¢919,263. Included in the payables as at 31 December 2018 were custodian fees of GH¢87,125.

5. Financial Risk Management, Objectives and Policies

a. Asset/Portfolio/Credit Risk

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

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

b. Liquidity Risk

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

c. Market Risk

Market risk is the risk that changes in market prices, such as interest rates on investments will affect the fund's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. This systematic risk cannot be mitigated through diversification.

d. Interest Rate Risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The investment managers advise the Trustees on the appropriate balance of the portfolio between equity, fixed rate interest, and variable rate interest investments. The scheme uses duration targeting as a means of mitigating the effects of the risk. The target duration is regularly reviewed by the Trust Board. For some of the bonds with issuers other than the Government of Ghana, investments are placed with a floating rate to hedge against this risk.

e. Operational Risk

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

The Fund's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Scheme's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to the administrator. This responsibility is supported by the development of following policies and standards;
governing rules and trust deed;

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

Measures have been set such as instituting different authorisation levels, together with technological systems to ensure that such risks are mitigated, secured servers are monitored and backed up daily both on-site and off-site to ensure that the scheme's operational data is not lost. Compliance with the Scheme governing rules is supported by a programme of annual reviews undertaken by the external auditor. The results of these reviews are discussed with Trustees.

f. Currency/ Foreign Currency Exchange Rates

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

6. Cash & Cash Equivalents

	2018 GH¢	2017 GH¢
Current & Call Account	21,196,443	4,547,120
	21,196,443	**4,547,120**

7. Investments at Amortized Cost

	2018 GH¢	2017 GH¢
Local Gov. and Stat Ag.	50,425,300	57,836,640
Treasury Bills	1,264,398	-
Money Markets	48,436,539	91,136,851
Corporate Bonds	41,685,410	48,002,419
	141,811,647	**196,975,910**

8. Investments at FVTPL

	2018 GH¢	2017 GH¢
Gov. Notes/Bonds	302,550,119	182,218,205
Quoted Shares	3,919,476	4,213,029
Collective Investments	28,333,638	7,819,021
	334,803,233	**194,250,255**

9. Trade & Other Receivables

	2018 GH¢	2017 GH¢
Trade Receivable	23,859,439	21,472
Dividends	-	23,032
Contributions Receivable	-	6,449,524
	23,859,439	**6,494,028**

10. Benefits Payable

	2018 GH¢	2017 GH¢
Redemption Payable	518,119	81,871
	518,119	**81,871**

11. Administrative Expenses Payable

	2018 GH¢	2017 GH¢
NPRA Fees	143,757	109,177
Administrator/Trustees Fees	579,350	370,782
Pension Fund Management Fees	198,235	112,543
Pension Fund Custodian Fees	87,125	66,168
Audit Fees	41,344	29,375
	1,049,811	**688,045**

12. Trade & Other Payables

	2018 GH¢	2017 GH¢
Trade Payables	276,610	282,442
	276,610	**282,442**

13. Contributions

	2018 GH¢	2017 GH¢
Contribution Received	75,140,148	68,811,030
	75,140,148	**68,811,030**

14. Benefits

	2018 GH¢	2017 GH¢
Lump Sum Benefit	7,971,440	9,648,582
	7,971,440	**9,648,582**

15. Investment Income

	2018 GH¢	2017 GH¢
Interest on Gov. Notes/Bonds	41,978,397	27,070,331
Interest on Local Gov. and Stat. Ag	9,394,515	1,536,408
Interest on Treasury Bills	-	6,831,466
Interest on Money Market Securities	8,705,445	21,568,407
Interest on Corporate Bonds	10,889,319	9,745,281
Dividend Income	41,240	64,808
Interest on Call Accounts	800,027	804,711
	71,808,943	**67,621,412**

16. Investments and Assets

2018	Bal 1/1/18 GH¢	Purchase at Cost GH¢	Accrued Interest GH¢	Interest Received GH¢	Disposal/ Maturity GH¢	Change in Fair Value GH¢	Value 31/12/18 GH¢
Gov. Notes/Bonds	192,925,482	176,990,614	16,109,589	(28,871,668)	(42,119,524)	(12,484,374)	302,550,119
Local Gov.and Stat.	47,129,363	18,063,942	1,611,029	(116,930)	(16,769,042)	506,938	50,425,300
Treasury Bills	-	5,375,552	-	(1,265,665)	(3,070,657)	225,168	1,264,398
Money Markets	91,136,851	64,225,573	800,331	(3,682,013)	(104,044,204)	-	48,436,538
Corporate Bonds	48,002,419	29,355,881	1,387,674	(1,097,346)	(35,860,001)	(103,216)	41,685,411
Collective Investment	7,819,021	27,023,482	-	-	(8,500,000)	1,991,135	28,333,638
Quoted Shares	4,213,029	43,000	-	-	(38,009)	(298,544)	3,919,476
Total Investment	391,226,165	321,078,044	19,908,623	(35,033,622)	(210,401,437)	(10,162,893)	476,614,880
Trade & Other Receivables	-	-	-	-	-	-	23,859,439
Cash & Cash Equivalents	-	-	-	-	-	-	21,196,443
Total Assets	**391,226,165**	**321,078,044**	**19,908,623**	**(35,033,622)**	**(210,401,437)**	**(10,162,893)**	**521,670,762**

16. Investments and Assets (Cont'd)

2017	Bal 1/1/17 GH¢	Purchase at Cost GH¢	Accrued Interest GH¢	Interest Received GH¢	Disposal/ Maturity GH¢	Change in Fair Value GH¢	Value 31/12/17 GH¢
Gov. Notes/Bonds	68,949,751	165,807,392	10,707,277	(2,815,512)	(49,315,660)	(407,766)	192,925,482
Local Gov.and Stat.	-	48,974,553	1,780,461	-	(3,334,964)	(290,687)	47,129,363
Treasury Bills	48,751,883	61,711,734	-	(7,595,776)	(102,867,841)	-	-
Money Markets	86,052,173	133,022,046	10,608,755	(5,004,873)	(133,541,250)	-	91,136,851
Corporate Bonds	38,676,657	28,780,158	1,441,416	(1,362,614)	(19,605,318)	72,120	48,002,419
Collective Investment	4,422,785	24,640,000	-	-	(22,707,455)	1,463,691	7,819,021
Quoted Shares	2,503,425	305,900	-	-	(246,903)	1,650,607	4,213,029
Total Investment	249,356,674	463,241,783	24,537,909	(16,778,775)	(331,619,391)	2,487,965	391,226,165
Other Receivables	-	-	-	-	-	-	6,494,028
Cash and Cash Equivalents	-	-	-	-	-	-	4,547,120
Total Assets	249,356,674	463,241,783	24,537,909	(16,778,775)	(331,619,391)	2,487,965	402,267,313

17. Administrative Expenses

	GH¢ 2018	GH¢ 2017
NPRA Fees	1,516,783	1,085,831
Scheme Administrator Fees	6,112,972	4,376,228
Pension Fund Management Fees	1,536,136	1,105,424
Pension Fund Custodian Fees	919,263	658,229
Audit Fees	41,344	29,375
	10,126,498	**7,255,087**

18. Net Assets Available for Benefits

2018	**Contributions**	**Net Investment Income**	**Total**
	GH¢	**GH¢**	**GH¢**
Balance at January 1	277,406,291	123,808,664	401,214,955
Additions	75,140,148	51,481,045	126,621,193
(Deductions)	(7,971,440)	-	(7,971,440)
Prior Year Adjustment	-	(38,486)	(38,486)
Balance at December 31	**344,574,999**	**175,251,223**	**519,826,222**

2017	**Contributions**	**Net Investment Income**	**Total**
	GH¢	**GH¢**	**GH¢**
Balance at January 1	218,243,843	60,362,771	278,606,614
Additions	68,811,030	63,445,893	132,256,923
(Deductions)	(9,648,582)	-	(9,648,582)
Balance at December 31	277,406,291	123,808,664	401,214,955

19. Tax

The Fund is exempt from taxation in accordance with provisions of the National Pensions Act 2008 (Act 766), the National Pension (Amendment) Act, 2014 (Act 883) and the Income Tax Act 2017 (Act 896).

20. Commitments and Contingencies

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

21. Events after the Reporting Period

Events subsequent to the balance sheet date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material. As at the end of the reporting period, there no were events after the reporting period that relate to the year under consideration.

22. Prior Year Adjustment

This relates to withholding taxes on management service fees for November 2017 which was not accrued in the 2017 Audited Financial Statements. Payment was made during 2018 financial year.

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