Petra Advantage Pension Scheme

2015 Annual Report

PETRA
TRUST
the pensions expert

Contents

Trustees and Professional Advisors

Trustees of the Fund	Petra Trust Company Limited (Corporate Trustee) Martyn Mensah – Independent Trustee Eric Otoo - Member

Professional Advisors

In carrying out their duties, the Trustees seek advice from professional advisors as required. There were written agreements in place between the trustees and the Fund advisors. The Trustees 'appointed advisors are as follow:

Fund Administrator	Petra Trust Company Limited 113, Airport West, Dzorwulu Accra P. O. Box CT 3194 Cantonments Accra
Investment Advisors	Cornerstone Capital Advisors Databank Asset Management EDC Investments Limited FirstBanc Financial Services IC Asset Managers Merban Investment Holding Limited New Generation Investment Services Prudential Securities Limited Stanlib Ghana Limited
Fund Auditors	John Kay & Co. 7th Floor, Trust Towers Farrar Avenue P.O. Box 16088 Accra
Custodians	Standard Chartered Securities Services P.O. Box 768 High Street Accra

Managing Director’s Message

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

Market Recap: 2015 was an extremely challenging year for the Ghanaian stock market. The Ghana Stock Exchange (GSE) Index returned -11.77% compared to a 5.4% return in 2014.The Fixed Income market on the other hand offered high returns for investors; the average interest rate for the 91 day Treasury bill was 25% compared to 23% in 2014. We saw four corporate bonds list on the stock exchange, offering very attractive interest rates of3% to 4% above the rate on the 91 day Treasury bill. Another important factor in the market was the Ghanaian Cedi, which depreciated by 15% against the US dollar. The unpredictable swings of the cedi and its movement against our economy’s major trading currency, the U.S. dollar, caused many investors to sit on the side-lines.

Portfolio Review: Our investment philosophy is to ensure that your funds are protected and then provide you with competitive returns. The scheme ended the year 2015 at a net return of 86.31% from inception, reflecting an annualized return (from inception) of 27.88% as compared to the previous year where it posted 24.95%. The scheme consequently outperformed the 91-day Treasury bill which recorded an average return of 25% in 2015.

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

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

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

It is important to note that, we complied with all the requirements and processes that were set forth by the regulator to retrieve the tier 2 contributions of all our members who had their tier 2 benefits paid into the Temporary Pension Fund Account (TPFA) prior to joining the scheme. Our hard work and dedication was not in vain, we were recipients of the first tranche of money that was paid out in the 4th quarter.

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

We appreciate your continued confidence in this endeavour.

Trustees' Message

Introduction

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

Constitution and Governance

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

Trustees' Responsibility

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

We the Trustees have supervised the preparation of the financial statements, and have agreed suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis.

Scheme (The Fund) Statistics.

i. Movement in membership is as follows:

	2015	2014
Members from inception	60,070	41,079
New Members	16,900	19,033
	---------	---------
	76,970	60,112
Members Leaving	(489)	(42)
	--------	---------
Members at 31st December	76,481	60,070
	=====	======

Scheme Statistics

Total investment as at 31st December is made up as follows:

	2015 Value GH¢'000	2014 Value GH¢ '000
Equities/Stocks	4,570	2,707
Fixed Deposits	45,206	13,053
Government Notes and Bonds	35,276	14,747
Treasury Bills	32,018	8,832
Corporate bond	11,879	1,106
Cash	920	247
	------------	---------
Total Investment	129,869	40,692
	------------	---------

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

	2015 **(%)**	2014 **(%)**
Equities	3.52	6.65
Government Bonds & Treasury Bills	51.82	57.94
Corporate Bonds	9.14	2.73
Fixed Deposits	34.81	32.07
Cash	0.71	0.61
	--------	--------
	100.00	100.00
	---------	---------

iv. Redemptions

The fund paid out a total GH¢908,341 as retirement benefits during the year.

Review of 2015 Economic and Financial Market Performance

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

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

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

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

Portfolio Review

The portfolio generated a gross return of 24.7 per cent for the period, primarily as a result of successful allocation of the portfolio to the different permissible asset classes. The fund reviewed its asset allocation to increase its exposure to corporate bonds and short dated fixed income securities while reducing exposure to the equity market. The timely review influenced the portfolio's return positively by cushioning it from the abysmal performance of the equity market while taking advantage of the increasing yield in short dated fixed income securities.

Outlook for 2016

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

The successful implementation of this budget plan will lead to improved fiscal discipline. Domestic revenue mobilisation is expected to increase with the implementation of proposed tax compliance measures, improved revenue administration and the rollout of the excise stamp project. We expect fiscal balance to improve slightly with increased revenue from taxes, utility tariffs and fuel levies. It is also estimated that monetary policy will continue to be restrictive, with the Bank of Ghana policy rate staying above 26 per cent within the first six months of 2016. We anticipate that the Central Bank will use its monetary policy rate to gradually steer inflation towards the 2016 year-end target of (10.1 +/- 2) per cent. Ghana's external position still remains vulnerable in light of the current global economic downturn.

Challenges to China's economic growth, the impact of lower commodity prices and the additional tightening of financial conditions across emerging economies still pose a threat to Ghana's external balance. In our view, the existing wide current account balance deficit poses a threat to the Ghanaian currency. However, we expect tight monetary policy and inflows from bond issuance to support the stabilization of the local currency in 2016. Also, liquidity is likely to remain tight throughout 2016 as witnessed in the latter part of 2015.

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

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

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

Portfolio Strategy

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

Conclusion

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

For the Trustees of Petra Advantage Pension Scheme

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Trustee   Trustee

21st April, 2016

John Kay & Co.
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PETRA ADVANTAGE PENSION SCHEME (PAPS)

We have audited the financial statements of Petra Advantage Pension Scheme for the year ended 31st December 2015 set out on pages 3 to 21, and have obtained all the information and explanations we required.

Respective Responsibilities of Trustees and Auditors

The trustees are responsible for preparing these financial statements. Our responsibility is to express an independent opinion on these financial statements based on our audit.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by the Trustees as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Emphasis of Matter

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

We have obtained evidence that the National Pensions Regulatory Authority has, during the year under review transferred the first batch of contributions held in the Temporary Pension Fund Account (TPFA) amounting to GH¢20,292,527 for 336 employers and 11,271 individuals to the credit of the scheme. There still remain a significant amount of the contributions and returns yet to be transferred to the credit of the Petra Advantage Pension Scheme Account in pursuance of the provision of the Act.

Opinion

In our opinion, proper books have been kept and the financial statements, which are in agreement therewith, give a true and fair view of the financial position of the fund at 31st December 2015, increase in net assets available for benefits and cash flows for the year then ended.

John Kay & Co

JOHN ARMSTRONG YAO KLINOGO (ICAG/P/1116)
For and on behalf of John Kay & Co. (ICAG/F/2016/128)
Chartered Accountants
Accra.

25th April 2016

Financial Statements

Statement of Financial Position as At 31 December, 2015

Assets	*Note(s)*	*2015 GH¢*	*2014 GH¢*
Cash and cash equivalents	12	7,050,901	3,703,240
Non-pledged financial assets at fair value through Profit and loss	12	122,817,752	36,989,684
Account receivable	12	11,462	294,808
Total Assets		**129,880,115**	**40,987,732**
Represented by:			
Members' Fund		129,284,683	40,583,443
Liabilities			
Accounts payables	12	593,663	401,001
Redemption payable	12	1,769	3,288
		595,432	404,289
Total Members' Fund and Liabilities		**129,880,115**	**40,987,732**

Trustee

21st April, 2016

Trustee

21st April, 2016

Statement of Comprehensive Income for the Year Ended 31 December, 2015

	Note(s)	2015 GH¢	2014 GH¢
Revenue			
Interest income	9	16,908,921	5,278,170
Dividend income		152,702	45,710
Net (loss) /gains from financial instrument at fair value through Profit or loss		(143,205)	347,964
Net exchange gains		45,160	217,503
Total revenue		**16,963,578**	**5,889,347**
Expenses			
Scheme administrator		943,222	275,447
Fund management fees		313,799	100,311
Custodian fees		142,092	51,774
NPRA levy		247,540	85,427
General administrative expenses		29,828	14,870
Audit Fees		13,000	8,000
Total operating expenses		**(1,689,481)**	**(535,829)**
Operating profit before tax		15,274,097	5,353,518
Taxation	16	-	-
Increase in net assets available for benefits		**15,274,097**	**5,353,518**

Statement of Changes in Net Assets Available For Benefits for the Year Ended 31 December, 2015

	Members Transaction GH¢	Cumulative Investment GH¢	Total GH¢
January 1	34,007,946	6,575,497	40,583,443
Increase in net assets available to pay Benefits	-	15,274,097	15,274,097
Contribution received	74,335,484	-	74,335,484
Benefits due	(908,341)	-	(908,341)
Net assets available to pay benefits at 31 December	**107,435,089**	**21,849,594**	**129,284,683**

31 December 2014	Members Transaction GH¢	Cumulative Investment GH¢	Total GH¢
January 1	12,570,306	1,221,979	13,792,285
Increase in net assets available to pay Benefits	-	5,353,518	5,353,518
Contribution received	21,604,882	-	21,604,882
Benefits due	(167,242)	-	(167,242)
Net assets available to pay benefits at 31 December	**34,007,946**	**6,575,497**	**40,583,443**

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

	2015 GH¢	2014 GH¢
Cash flows from operating activities		
Operating profit before tax	15,274,097	5,353,518
Adjusted for:		
Interest receivable	(10,551)	(1,699,327)
Dividend receivable	28,531	(27,111)
Increase in Accounts payable	192,662	212,341
(Decrease)/Increase in other payable	(1,519)	106,270
Changes in net market value of financial instruments	98,045	(245,467)
Due from Brokers	265,366	(265,677)
Net cash inflow from operating activities	**15,846,631**	**3,434,547**
Cash flows from investing activities		
Net payment for purchase of investments	(85,926,113)	(25,031,615)
Net cash flows used in investing activities	**(85,926,113)**	**(25,031,615)**
Cash flows from financing activities		
Contribution received during the year	74,335,484	21,604,882
Benefit paid	(908,341)	(167,242)
Net cash flows from financing activities	**73,427,143**	**21,437,640**
Net increase (decrease) in cash and cash equivalents	3,347,661	(159,428)
At 1 January	3,703,240	407,424
91 day fixed deposits	-	3,455,244
At 31 December	**7,050,901**	**3,703,240**

Analysis of balances of cash and cash equivalents as shown in the statement of financial position

	2015	2014
Bank balance	920,348	247,996
91 day fixed deposit	6,130,553	3,455,244
	7,050,901	**3,703,240**

Statement of Financial Assets Designated Through Profit or Loss as At 31 December 2015

Description	Number of Share	Price as at 31-12-2015 GHȼ	Market Value at 31-12-2015 GHȼ
EQUITIES			
Banking & Insurance			
Standard Chartered Bank Ghana Limited	15,020	16.30	244,826
Ecobank Ghana Limited	46,300	7.01	324,563
GCB Bank	97,244	3.79	368,555
CAL Bank	429,700	1.00	429,700
UT Bank	73,458	0.10	7,345
Ecobank Transnational Incorporated	748,480	0.27	202,090
Enterprise Group Limited	256,300	2.40	615,120
HFC Bank	18,942	0.90	17,048
Petroleum Product			
Ghana Oil Company	337,000	1.40	471,800
Total Petroleum	52,765	5.10	269,102
Tullow Oil Plc	433	28.00	12,124
Food, Beverages & Household products			
Guinness Ghana Breweries Limited	45,110	1.99	89,769
Fan Milk Limited	300	7.35	2,205
Patterson Zochonis Company	13,800	0.34	4,692
Benso Oil Palm Plantation	15,800	2.50	39,500
Unilever Ghana Limited	5,300	8.50	45,050
Produce Buying Company	25,065	0.10	2,506
Pharmaceuticals			
Ayrton Drugs Manufacturing Co Ltd	45,600	0.18	8,208
Collective Investment Scheme			
Firstbanc First Fund	4,202,119	0.3369	1,415,694
Total Equities			4,569,897
FIXED INTEREST SECURITIES			
Debt securities			
Corporate Bonds			
2- year bond			785,077
3-year bond			11,093,825
			11,878,902

Statement of Financial Assets Designated through Profit or Loss as at 31 December 2015 (cont'd)

Government Notes/Bonds	
1-year bond	703,210
2-year bond	10,184,257
3-year bond	19,824,933
5-year bond	4,563,475
	35,275,875
	GH¢
Treasury Bills	
14 days T bills	500,362
87 days T bills	1,698
91 days T bills	232,593
182 days T bills	31,282,949
	32,017,602
Held-to-maturity securities	
91 days fixed deposit	5,395,899
182 days fixed deposit	30,753,976
1 year fixed deposit	9,055,996
	45,205,871
Total financial assets	**128,948,147**

The financial statements summarises the transactions of the fund and deals with the net asset at the disposition of the Trustee. They do not take account of the obligation to pay pension and benefits which fall due after the end of the fund year.

The financial statements on pages 10 to 24 were approved by the trustees on April 21, 2016 and signed on its behalf by:

Trustee — 21st April, 2016

Trustee — 21st April, 2016

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

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 Fund are managed by Databank Asset Management, EDC Investments Limited, FirstBanc Financial Services, Merban 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

These financial statements have been prepared in accordance with the National Pensions Act, 2008, (Act 766) Section 166, and comply with the International Financial Reporting Standards and issued by the Board of Trustees on 30 March 2015.

3. Functional and presentation Currency

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

4. Use of judgments and estimates

In preparing these financial statements, the Fund's management has 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.

5. Accounting policies

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

Contributions

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

Investment income recognition

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.

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.

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.

Financial Instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise loans and receivables, held-to-maturity and available-for-sale. Trustee determines the appropriate classification of its financial assets and liabilities at initial recognition.

Non-derivative financial instruments are recognised initially at fair value plus, for instrument not at fair value through profit and loss, any directly attributable transaction cost. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest rate method, less impairment losses, if any.

Non-derivative financial instruments are derecognised when the rights to receive cash flows from the financial assets have expired or where the Scheme has transferred substantially all risks and rewards of ownership.

Non-derivative financial instruments are categorised as follows:

- Loans, advances and receivables – these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than (a) those classified as held for trading and those that the Scheme on initial recognition designates at fair value through profit and loss; (b) those that the Scheme upon initial recognition designates as available-for-sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

  Loans and receivables are carried at amortised cost using effective interest rate method less appropriate allowances for doubtful receivables. Allowances for doubtful receivables represents the Scheme’s estimate of incurred losses arising from the failure or inability of customers to make payments when due. These estimates are based on aging of customer’s balances, specific credit circumstances, and the company’s receivables historical experience. Regular way purchases and sales of loans and receivables are recognised on contractual settlement

- Available-for-sale – These are any non-derivative financial assets designated on initial recognition as available for sale or any other instruments that are not classified as (a) loans and receivables, (b) held to maturity, (c) financial assets at fair value through profit or loss.

  Available-for-sale financial assets are carried at fair value. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the profit or loss account. However, interest calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the Scheme’s right to receive payment is established.

Regular way purchases and sales of available-for-sale financial assets are recognised on trade-date, i.e. the date on which the Scheme commits to purchase or sell the asset.

- Held-to-maturity – Held-to-maturity assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Were The Scheme to sell more than an insignificant amount of held-to-maturity assets, the entire category would have to be reclassified as available-for-sale.

  Held-to-maturity assets are carried at amortised cost using effective interest rate method. Regular way purchases and sales of financial assets held-to-maturity are recognised on trade-date, i.e. the date on which the Scheme commits to purchase or sell the asset.

Financial Liabilities

Financial liabilities, other than trading liabilities and financial liabilities designated at fair value, are carried at amortised cost using the effective interest method. Financial liabilities are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost. Financial liabilities are derecognised when they are redeemed or otherwise extinguished.

Off setting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the scheme has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.
Income and expenses are presented on a net basis when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, 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.

Hedge Accounting

Hedge accounting is the method that recognises the proportionate offsetting effects of a hedging instrument on the changes in value of the hedged item. Hedge accounting applies only when a hedging relationship can be demonstrated between a hedged item and a hedging instrument. Such method generally applies for transactions that are carried out to eliminate or mitigate risks. The effectiveness of such hedges is demonstrated at inception and verified at regular intervals and at least on a quarterly basis, using prospective and retrospective testing.

Recognition of hedged transactions depends on the hedged categories.

Fair value hedges

Fair value hedges are used to mitigate foreign currency and interest rate risks of recognised assets and liabilities. The changes in fair values of hedging instruments are recognised in the income statement. Hedged items are also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

The fair values of financial instruments are determined using market prices for quoted instruments and widely accepted valuation techniques for other instruments. Valuation techniques include discounted cash flows, standard valuation models based on market parameters and dealer quotes for similar instruments. When fair values of unquoted instruments cannot be measured with sufficient reliability, such instruments are carried at cost less impairments, if applicable.

Cash flow hedges

Cash flow hedges are used to mitigate foreign currency risks of highly probable forecast transactions, such as anticipated future export sales, purchases of equipment and raw materials, as well as the variability of expected interest payments and receipts. The effective part of the changes in fair value of hedging instruments is recognised against equity, while any ineffective part is recognised immediately in the income statement. When the hedged item results in the recognition of a non-financial asset or liability, the gains or losses previously recognised against equity are included in the measurement cost of the asset or the liability. Otherwise the gains or losses previously recognised against equity are removed from equity and recognised in the income statement at the same time as the hedged transaction.

Effective Interest Rate

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition

Determining fair value

Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted bid price or asking price (as appropriate) in an active market wherever possible. Where no such active market exists for the particular asset, the Group uses a valuation technique to arrive at the fair value, including the use of prices obtained in recent arms' length transactions, discounted cash flow analysis, option pricing models or other valuation techniques commonly used by market participants.

Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) 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 a financial asset or group of assets is impaired includes observable data that comes to the attention of the Scheme about the following loss events:

i. Significant financial difficulty of the borrower;
ii. A breach of contract, such as default or delinquency in interest or principal repayments;
iii. The Scheme granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that The Scheme would not otherwise consider;
iv. It becoming probable that the borrower will enter bankruptcy or other financial reorganization;
v. The disappearance of an active market for that financial asset because of financial difficulties; or
vi. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets including:
    - Adverse changes in the payment status of borrowers; or
    - National or local economic conditions that correlate with defaults on the assets of The Scheme.

The estimated period between a losses occurring and its identification is determined by management for each identified portfolio. In general, the periods used vary between three months and twelve months. In exceptional cases, longer periods are warranted.

Foreign Currency

Transactions in foreign currencies during the period are converted into 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.

Benefits payable

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

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.

Cash and Cash equivalents

Cash and cash equivalents comprises deposits with banks and highly liquid financial assets with maturity of three months or less from the date of acquisition that are subject so an insignificant risk of changes in their value and are used by the Fund in the management of short term commitment, other than cash collateral provided in respect of derivatives and security borrowing transactions.

Fees and commission

Fees and commissions expenses are recognise in profit or loss as the related services are performed.

6. Related parties and Key contractors

Transaction with Trustees/Fund Administrators

The total Trustees/Administration fees charged during the year amounted to GH¢943,222.Included in the payables were Trustees fee of GH¢296,109

Fund Managers

The Trustees of the Fund appointed Stanlib Ghana Limited, Databank Asset Management, EDC Investments Limited, FirstBanc Financial Services, Merban Investments Holding Limited, Prudential Securities Limited, Black Star Advisors Limited, IC Asset Managers and New Generation Investments Services, all investment management companies incorporated in Ghana and duly licensed by the Security and Exchange Commission of Ghana and the National Pension Regulatory Authority as pension fund managers, to implement the investment strategy and objectives as stated in the Funds investment management policy manual. Under the investment management agreements, the investment managers receive a management fee at an annual rate of 0.40% of the net asset value attributable to members of the Fund. The management fees incurred during the year amounted to GH¢313,799.Included in the payables as at 31 December 2015 were fund management fees payable of GH¢90,132

Fund Custodians

The Trustees of the Fund appointed Standard Chartered Securities Services, a Limited liability company incorporated in Ghana and registered by the National Pension Regulatory Authority as a pension fund 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 0.23% 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¢142,092. Included in the payables as at 31 December 2015 were custodian fees of GH¢52,576

7. Contributions Received

	2015 GH¢	2014 GH¢
Balance at 1 Jan	34,007,946	12,572,222
Employees contribution during the year	74,335,484	21,604,882
	108,343,430	34,177,104
Benefits paid	(908,341)	(169,158)
	107,435,089	34,007,946

8. Benefits

	2015 GH¢	2014 GH¢
Lump sum retirement benefits	908,341	169,158

9. Interest income

	2015 GH¢	2014 GH¢
Interest income from financial assets carried at amortised cost:		
Cash and cash equivalents	328,750	82,926
Interest income on financial instruments designated as at fair value through profit or loss:		
Debt securities	10,444,466	3,434,564
Held-to-maturity	6,135,705	1,760,680
	16,908,921	5,278,170

10. Financial instruments

a. Analysis of changes in fair value of financial instruments through profit or loss.

31 December 2015

	Balance 1/1/15 GH¢	Purchases at cost GH¢	Accrued interest GH¢	Change in fair value GH¢	Value 31/12/15 GH¢
Quoted Shares	2,192,115	861,903	-	100,185	3,154,203
GoG Securities	7,736,580	25,831,423	1,616,538	91,334	35,275,875
Treasury Bills	6,141,683	24,094,737	-	1,781,182	32,017,602
Fixed Deposits	8,043,467	34,917,212	2,245,192	-	45,205,871
Corporate Bonds	1,052,000	10,423,000	403,902	-	11,878,902
Collective Investment	-	1,207,800	-	207,894	1,415,694
	25,165,845	97,336,075	4,265,632	2,180,595	128,948,147

31 December 2014

	Balance 1/1/14 GH¢	Purchases at cost GH¢	Accrued interest GH¢	Change in fair value GH¢	Value 31/12/14 GH¢
Quoted Shares	282,978	2,192,115	-	231,528	2,706,621
GoG Securities	5,975,679	7,736,580	771,417	263,395	14,747,071
Treasury Bills	2,265,633	6,141,683	-	424,537	8,831,853
Fixed Deposits	4,136,005	8,043,467	873,683	-	13,053,155
Corporate Bonds	-	1,052,000	54,227	-	1,106,227
	12,660,295	25,165,845	1,699,327	919,460	40,444,927

12. Classification of financial assets and financial liabilities

31 December 2015

	Notes	Held for trading	Designated as at fair value	Loan and receivable	Other liabilities	Total
		GH¢	GH¢	GH¢	GH¢	GH¢
Cash and cash equivalents	14		-	7,050,901	-	7,050,901
Non-pledged financial assets at fair value through profit or loss	13	-	122,817,752	-	-	122,817,752
Account Receivable				11,462		11,462
		-	122,817,752	7,062,363	-	129,880,115
Payables under service level agreements	15	-	-	-	593,663	593,663
Redemption payable					1,769	1,769
		-	-	-	595,432	595,432

31 December 2014

	Notes	Held for trading	Designated as at fair value	Loan and receivable	Other liabilities	Total
		GH¢	GH¢	GH¢	GH¢	GH¢
Cash and cash equivalents	14		-	3,703,240	-	3,703,240
Non-pledged financial assets at fair value through profit or loss	13	-	36,989,684	-	-	36,989,684
Due from brokers				265,677		265,677
		-	36,989,684	3,968,917	-	40,958,601
Payables under service level agreements	15	-	-	-	191,448	191,448
Due to brokers		-	-	209,553	-	
	209,553					
Other payables					3,288	3,288
		-	-	209,553	194,736	404,289

13. Financial assets designated as at fair value through profit or loss

	2015	2014
	GH¢	GH¢
Debt securities	78,437,883	23,004,079
Quoted Equity investments	3,154,203	2,706,621
Held-to-maturity securities	39,809,972	11,278,984
Collective Investment	1,415,694	-
	122,817,752	36,989,684

Classification of financial assets and financial liabilities (cont'd)

14. Cash and cash equivalents

	2015 GH¢	2014 GH¢
Cash and Bank Balances	920,348	247,996
91 day fixed deposit	5,395,900	1,774,171
91 day Treasury bill	232,593	1,681,073
87 day Treasury bill	1,698	-
14 day Treasury bill	500,362	-
	7,050,901	3,703,240

15. Payable under service level agreements

	2015 GH¢	2014 GH¢
Management fees	525,565	183,448
Audit fees	13,000	8,000
Other payables	55,098	-
	593,663	191,448

16. Taxation

Occupational pension schemes, under the current legislation, are not subject to taxes on investment income including capital gains nor taxes on benefits received.

17. New Standards and interpretations not yet adopted

A number of new standards and amendments are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. The only new standard relevant to the Fund is IFRS 9 *Financial Instruments,* which is discussed below. The Fund does not plan to adopt IFRS 9 early.

IFRS 9, Financial Instruments

IFRS 9, published in July 2014, will replace the existing guidance in IAS 39. It includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model of calculating impairment on financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instrument from IAS 39.

IFRS 9 is effective for annual reporting periods beginning 1 January 2018, with early adoption permitted.

18. Amended Standards and interpretations

IAS 19, Defined Benefit Plan: Employee Contribution

IAS 19, requires an entity to consider contributions from employees or third parties when accounting for defined benefits plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of contributions is independence of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Scheme, since the scheme is a defined contribution scheme and not a defined benefit scheme