

Petra Advantage Pension Scheme 2014 Annual Report



PETRA 
TRUST

the pensions expert



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Scheme Details

TRUSTEES AND PROFESSIONAL ADVISORS

TRUSTEES OF THE FUND

Petra Trust Company Limited (Corporate Trustee)

PROFESSIONAL ADVISORS

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

Fund Administrator

Petra Trust Company Limited
F 304/5 Dade Close
Labone
Accra

Investment Advisors

Cornerstone Capital Advisors
Databank Asset Management
EDC Investments Limited
FirstBanc Limited
IC Securities
Merban Investment Holding Limited
New Generation Investment Services
Prudential securities Limited
Stanbic Investment Management Services

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

Introduction – MD's message

Dear Scheme Member,

As a participant of the Petra Advantage Pension Scheme, we are happy to present you our premier annual report. The board, staff and management of Petra Trust are privileged to have you as a participant of the scheme.

The year 2014 was a challenging year. However, we did steer the affairs of the scheme to ensure protection of your funds and also provide competitive returns. The GSE CI returned 5.40% as compared to the 78.8% return from 2013, mainly due to challenges with the appreciation of the major trading currencies against the cedi as well as with the energy crisis.

The scheme's funds were invested in asset classes that offered higher returns – mainly fixed deposits and short term government of Ghana securities. We also traded on the secondary market to capture some good earnings from the purchase of securities in that market due to the higher yields offered. The scheme introduced Corporate Bonds into our portfolio to ensure that the scheme gained from the returns on this permissible asset class.

For the year under review, the scheme put in place measures to ensure that members with email addresses on file could create their online log-ins and also receive their statements via these email addresses. Petra Trust undertook steps to ensure that scheme participants were educated on the new Pensions Act and its implications for both the employee and employer. This was done via a series of staff education and Insight article publications. Petra will continue on this trajectory to ensure that all scheme participants are educated and receive regular updates on their pension funds via online access or text messages.

In the coming year, the Scheme will introduce new products and encourage members to continue to engage with Petra Trust in order to enjoy the benefits that come with the new Pensions law, ACT 766. We will also create other platforms that will enhance our communication with our scheme participants. We will identify permissible asset classes and place funds in them to ensure the continuous growth of your pension funds.

My sincere gratitude goes to you our scheme members for placing your trust and confidence in us as the Pensions Experts. Also, a big thank you to our Fund Managers and custodian, we appreciate your hard work over the period and we believe it will continue. To the staff, management and Board of Petra Trust, thank you for your hard work and dedication to the success story of the Pensions expert – Petra Trust.



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Kofi Fynn

(Managing Director)

The Scheme's report

Petra Advantage is a Tier 2 Master Trust scheme registered by the NPRA in 2012 that facilitates employers sponsoring a mandatory, tax-advantaged defined contribution scheme for their employees. As the corporate trustee, Petra provides all the investment and administration services with the sole aim of providing you the employee with first class investment returns and first class services.

The scheme is designed to achieve net returns that exceed increases in the inflation rate as measured by the Consumer Price Index (CPI). Secondly, we will ensure that the amounts credited to members each year are competitive with those credited by other tier 2 schemes and also achieve positive returns after fees in at least eight (8) out of the ten (10) financial years.

Structure and Management

Petra as the fund administrator took decisions on the management of the scheme and ensured that the scheme was compliant with laid down regulations set by the NPRA. Petra also ensured that assets and returns were properly allocated to your unique account as a scheme participant. In course of the year, Petra put in place measures that made it possible for members (with email addresses on file) to assess their contributions and accrued benefits via the scheme's online portal.

Investment

As the corporate trustee, Petra provides all the investment and administration services with the sole aim of providing you the employee with first class investment return and first class services. Our emphasis on investment policy formulation, strategic and tactical asset allocation, and benchmark design ensures that the investment goals of our scheme are achieved. All returns from the investment of the scheme funds are credited back to the scheme members account after expenses have been deducted.

The asset mix for the Petra Advantage Pension Scheme is not fixed; it is adjusted to reflect Petra Trust's investment outlook based on macro-economic forecasts. However, the scheme is always invested in line with the assets class limits set by the regulator – National Pensions Regulatory Authority (NPRA).

Membership: Contributions and Benefits

The Scheme is open to employers and individuals. One becomes a member of the Scheme by completing an application form. Every individual (formal or informal sector employee) can contribute in to the Scheme. The individual and/or the employer may contribute not more than 5% of his or her basic income into the scheme.

There were 60,070 active participants of the Scheme as at 31st December 2014 with a total scheme value of GHS 40,724,000.00. The fund paid out a total GHS118,484.00 as retirement benefits during the year within an average of three (3) working days as compared the stipulated 30 workings days by law.

▶ Investment Report

Review of 2014 Economic and Financial Market Performance

Ghana's economy in 2014 saw a significant slowdown in growth from 7.3 percent recorded in 2013 to 4.2 percent in 2014. Compared to 2013, the fiscal and current account deficits have both reduced slightly, although targets were missed in both cases.

The energy crisis deepened over the year and had a significant effect on businesses and households. Rapid depreciation in the local currency over the first eight months led to high inflation and increasing costs, especially in the industrial sector. Inflation was also spurred on by Government's removal of subsidies on utilities and fuel products in its attempts to cut down the fiscal deficit. Year-on-year inflation ended the year at 17% in December 2014, from 13.8% recorded at the beginning of the year.

On monetary policy, the Central Bank raised the policy rate three times during the year as part of efforts to reduce inflationary pressures and introduced foreign currency market regulations to control excessive speculation on the Cedi. Receipts of Grants and FDI fell again in 2014, resulting from Ghana's status as a low middle-income country. Despite all this, the banking sector proved resilient to the economic slowdown as the industry exhibited a positive outlook with total industry assets increasing by 42.2 percent year-on-year in December 2014 as compared to a growth of 32.8 percent in December 2013.

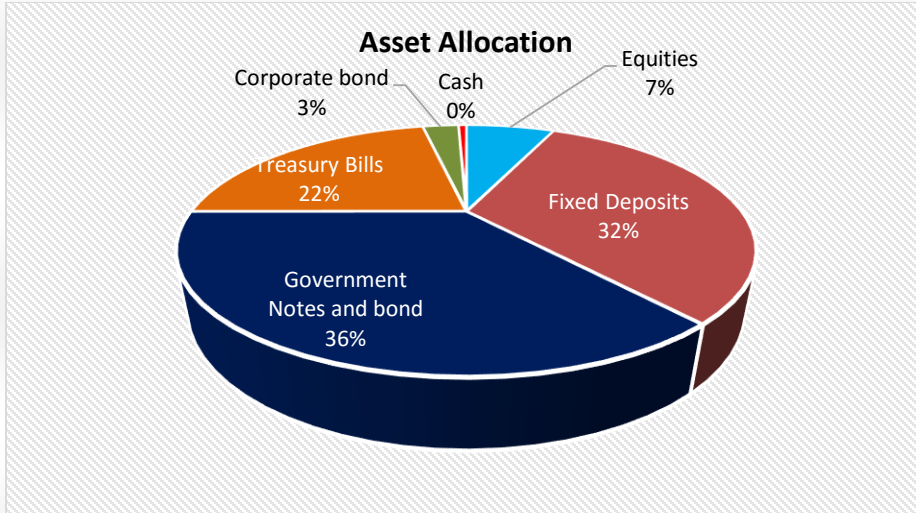
▶ Portfolio Review

The portfolio generated a gross return of 24.36% for the period, primarily as a result of successful allocation of the portfolio to the different allowed asset classes.

▶ 2014 Asset Allocation

As at December 31, 2014, the Scheme had a total of 36% in government of Ghana Notes and bonds, 22% in government of Ghana Treasury bills, 3% in Corporate Bonds and a 1% cash position. The scheme also had 7% in Equities and a 32% holding in Fixed Deposits.

Asset Class	Value (GHS) '000	% of Scheme
Equities/Stocks	2,707	7%
Fixed Deposits	13,053	32%
Government Notes and bond	14,747	36%
Treasury Bills	8,832	22%
Corporate bond	1,106	3%
Cash	247	1%
Total Investment	40,692	100%



► Outlook and Strategy for 2015

In our view, we believe Ghana's economy would continue to be challenged throughout the year 2015 even with the support from the IMF. We are hopeful that the government will reach a deal with the IMF within the first quarter of the year. The key objective will be to ensure fiscal discipline per the expectations of many financial analysts. The 2015 budget will be instrumental to address the revenue shortfalls and ensure the achievement of the objectives of the ongoing fiscal consolidation.

The successful implementation of this budget plan would lead to the fiscal consolidation that is solely needed to get the country back on sustainable growth path. In the short term, the proposed measures required to achieve fiscal consolidation, such as the removal of government subsidies and government wage bill restructuring, will significantly constrain economic growth and private sector employment growth. With both the private and government sector under pressure, and given the backdrop of falling global commodity prices, we do not expect the Ghanaian economy to grow more than 3.5 percent this year (against the Government's growth target of 3.9 percent in 2015).

Monetary policy will continue to be restrictive, with the Bank of Ghana policy rate staying above 20% through the first six months of this year. We expect the Central Bank to use its monetary policy rate to gradually steer inflation towards the medium term target of (8 +/- 2) percent. However, our expectation of measured depreciation of the Ghana cedi as a result of an improving current account position, and the continued impact of high rates, should lead to a slow drop in the rate of inflation from the high of 17% that was recorded at the end of 2014. The combined impact of the IMF program, the Ghanaian cedi's improved performance and the expected drop in the rate of inflation, should lead to interest rates beginning to drop in the second half of the year.



We anticipate a lackluster performance of equities in the first half of the year with a marginal pickup in performance in the second half of the year if the energy and power issues facing the country subside and performance of the cedi against the major trading currencies is sustained. We expect the performance of equities in the second half of the year to be further supported by the gradual drop of interest rates as they begin to impact on financial services stocks, and as the markets begin to price in the uncertainty of political activity in 2016.

▶ Conclusion

We would like to thank all our scheme members for the confidence reposed in us as their preferred trustee within the pensions industry in Ghana. The year 2015 looks challenging, but should present a number of opportunities for investment performance, which we expect to exploit. In addition, we will continue with the initiatives already begun to ensure the delivery of quality services and convenience for scheme members.

Thank you for placing your pensions in the safe hands.

For the Trustees of Petra Advantage Pension Scheme


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) **TRUSTEES**
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30th April, 2015

The Managing Trustees' Report

To the members of the Petra Advantage Pension Scheme

Introduction:

The Trustees of the Petra Advantage Pension Scheme ("The Fund") present their annual Trustee Report together with the Independent Auditor's Report, Financial Statements and explanatory notes prepared in accordance with International Financial Reporting Standards (IFRS) and Summary of contributions for the year ended 31st December, 2014.

Constitution and Governance

The Fund is a defined contribution occupational pensions scheme, established under trust with Petra Trust Company Limited as the trustee, and is governed by a Trust Deed and Rules approved by the National Pensions Regulatory Authority. The Trustee is responsible for the management and governance of the Fund and as such we have 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 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 at the end of the fund year.

We 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. The Trustees also has a general responsibility for ensuring that adequate accounting records are kept and for taking such 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.

Changes in Financial Reporting Framework

In line with changes in the financial reporting framework announced by the Institute of Chartered Accountants, Ghana in consultation with other regulatory bodies, the Scheme adopted International Financial Reporting Standards (IFRS) as the reporting framework with effect from 1 January 2014. As a result, the attached financial statements have been prepared in accordance with IFRS. Comparative financial information which was prepared in accordance with Ghana National Accounting Standards has also been restated accordingly. The impact of the change in comparative results and position has been disclosed in note 6 of the attached financial statements.

Scheme (The Fund) Statistics.

i. Movement in membership is as follows:

	2014	2013
Members from inception	41,079	-
New Members	19,033	41,149
	-----	-----
Members Leaving	60,112 (42)	41,149 (70)
	-----	-----
Members at 31 st December	60,070	41,079
	=====	=====

ii. Investment distribution:

As at 31st December 2014, total investment stood at GH¢ **40.692** million made up as follows:

	Value GH¢'000
Equities/Stocks	2,707
Fixed Deposits	13,053
Government Notes and bond	14,747
Treasury Bills	8,832
Corporate bond	1,106
Cash	247

Total Investment	40,692

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

	31/12/2014 (%)
Equities	6.65
Government Bonds and T Bills	57.94
Corporate Bonds	2.73
Fixed Deposits	32.07
Cash	0.61

	100.00

iv. Redemptions

The fund paid out a total GH¢118,484 as retirement benefits during the year.

▶ **Statements by Independent Auditor**



John Kay & Co.

7th Floor, Trust Towers
Farrar Avenue, Adabraka
P. O. Box KA 16088
Airport, Accra

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+233 302 238370
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Email: jkayal@yahoo.com

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 2014 set out on pages 4 to 23, 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) require that within ninety days of the registration and licensing of the trustees, fund managers and custodians of the Pension Scheme, the National Pensions Regulatory Authority should compute and transfer all contributions and returns to the credit of the Occupational Pension Scheme Account opened with the chosen licensed trustees.

We were unable to obtain evidence that the National Pensions Regulatory Authority has, during the year under review or in prior periods, computed and transferred contributions and returns 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 2014 and of the excess of income and expenditure 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/2015/128)
Chartered Accountants
Accra.

30th April, 2015

The financial statements

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

<i>Assets</i>	<i>Note(s)</i>	<i>2014</i> <i>GH¢</i>	<i>2013</i> <i>GH¢</i>
Cash and cash equivalents	12	3,703,240	620,529
Non-pledged financial assets at fair value through Profit and loss	12	36,989,684	13,255,414
Accounts receivables		294,808	2,020
		-----	-----
Total Assets		40,987,732	13,877,963
		=====	=====
Represented by:			
Members' Fund		40,583,443	13,792,285
		-----	-----
Liabilities			
Accounts payables		401,001	85,678
Sundry payables		3,288	-
		-----	-----
	12	404,289	85,678
		-----	-----
Total Members' Fund and Liabilities		40,987,732	13,877,963
		=====	=====


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TRUSTEE

30th April, 2015


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TRUSTEE

30th April, 2015

 **Statement of Comprehensive Income**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014**

		2014	2013
	<i>Note(s)</i>	<i>GH¢</i>	<i>GH¢</i>
Revenue			
Interest income	10	5,278,170	1,173,197
Dividend income		45,710	6,785
Net gains from financial instrument at fair value through Profit or loss		347,964	197,795
Net exchange gains		217,503	-
		-----	-----
Total revenue		5,889,347	1,377,777
		-----	-----
Expenses			
Scheme administrator		275,447	56,681
Fund management fees		100,311	24,000
Custodian fees		51,774	13,304
NPRA levy		85,427	31,539
General administrative expenses		14,870	24,274
Audit Fees		8,000	6,000
		-----	-----
Total operating expenses		(535,829)	(155,798)
		-----	-----
Operating profit before tax		5,353,518	1,221,979
		-----	-----
Taxation	16	-	-
		-----	-----
Increase in net assets available for benefits		5,353,518	1,221,979
		=====	=====

 **Statement of Changes in Net Assets Available for Benefits**

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note(s)	2014	2013
		GH¢	GH¢
Net assets available for benefit at 1 January		13,792,285	-
Increase in net assets available to pay benefits		5,353,518	1,221,979
Contributions	8	21,604,882	12,572,222
Benefit due	9	(167,242)	(1,916)
		-----	-----
Net assets available to pay benefits at 31 December		40,583,443	13,792,285
		=====	=====

 **Cash Flow Statement**

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	GH¢	GH¢
Cash flows from operating activities		
Operating profit before tax	5,353,518	1,221,979
<i>Adjusted for:</i>		
Interest receivable	(1,699,327)	(350,376)
Dividend receivable	(27,111)	(2,020)
Increase in Accounts payable	212,341	85,678
Increase in other payable	106,270	-
Changes in net market value of financial instruments	(245,467)	(100,967)
Due from Brokers	(265,677)	-
	-----	-----
Net cash inflow from operating activities	3,434,547	854,294
	-----	-----
Cash flows from investing activities		
Payments for purchase of investments	(25,031,615)	(13,017,176)
	-----	-----
Net cash flows used in investing activities	(25,031,615)	(13,017,176)
	-----	-----
Cash flows from financing activities		
Contribution received during the year	21,604,882	12,572,222
Benefit paid	(167,242)	(1,916)
	-----	-----
Net cash flows from financing activities	21,437,640	12,570,306
	-----	-----
Net increase (decrease) in cash and cash equivalents	(159,428)	407,424
At 1 January 2014	407,424	-
91 day fixed deposits	3,455,244	213,105
	-----	-----
At 31 December 2014	3,703,240	620,529
	=====	=====

STATEMENT OF FINANCIAL ASSETS DESIGNATED THROUGH PROFIT OR LOSS AS AT 31 DECEMBER 2014

DESCRIPTION	Number of Share	Price as at 31-12-2014	Market Value at 31-12-2014
EQUITIES			
Banking & Insurance			
Standard Chartered Bank Ghana Limited	15,020	20.35	305,657
Ecobank Ghana Limited	46,300	7.60	351,880
Ghana Commercial Bank Limited	93,544	5.30	495,783
CAL Bank	246,900	1.01	249,369
UT Bank	73,458	0.25	18,365
Ecobank Transnational Incorporated	325,500	0.28	91,140
Enterprise Group Limited	256,300	1.75	448,525
Petroleum Product			
Ghana Oil Company	245,900	1.05	258,195
Total Petroleum	52,705	6.10	321,501
Food, Beverages & Household products			
Guinness Ghana Brewery	29,910	3.20	95,712
Fan Milk Limited	300	5.25	1,575
Patterson Zochonis Company	13,800	0.30	4,140
Benso Oil Palm Plantation	15,800	4.10	64,780
Total Shares			2,706,621
FIXED INTEREST SECURITIES			
Debt securities			
Corporate Bonds			
1- year bond			577,445
3-year bond			528,782
			1,106,227
Government Notes/Bond			
1-year bond			242,983
2-year bond			5,648,174
3-year bond			4,108,770
5-year bond			4,747,144


	----- 14,747,071 -----
Treasury Bills	
56 days T bills	1,224,713
91 days T bills	453,887
155 days T bills	326,000
177 days T bills	1,455,167
182 days T bills	5,372,086
	----- 8,831,853 -----

STATEMENT OF FINANCIAL ASSETS DESIGNATED THROUGH PROFIT OR LOSS AS AT 31 DECEMBER 2014 (CONT'D)

Held-to-maturity securities	
91 days fixed deposit	1,774,171
182 days fixed deposit	10,820,166
1 year fixed deposit	458,818
	----- 13,053,155 -----
Total investment securities	40,446,927 =====

The financial statements summarize the transactions of the fund and deal 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 were approved by the trustees on 30th April, 2015 and signed on its behalf by.


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TRUSTEE

30th April, 2015


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TRUSTEE

30th April, 2015

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

▶ 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 open ended investment 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 and derivatives, 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 Limited, Merban Investments Holding Limited, Prudential Securities Limited, Black Star Advisors Limited, IC Securities New Generation Investments Services and Stanbic Investment Management Services and the administration of the Scheme is delegated to Petra Trust Limited.

2. Basis of accounting

These financial statements have been prepared in accordance with the National Pensions Act, 2008, (Act 766) Section 166, within the guidelines of Generally Accepted Accounting Principles 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 judgements 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.

i. 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 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 recognized 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 recognized in the profit or loss as interest income or interest expense, respectively.

b. Dividend income

Dividend income is recognized 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 Instruments

a. 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 recognized 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 amortized cost using the effective interest rate method, less any impairment losses, if any.

Non-derivative financial instruments are derecognized 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 categorized 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 amortized 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 recognized on contractual settlement
- Available-for-sale – these are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates, or equity prices. Investment securities and treasury bills with a maturity of 182 days or less are classified as available-for-sale.

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 recognized directly in equity until the financial asset is derecognized or impaired, at which time the cumulative gain or loss previously recognized in equity is recognized in the profit or loss account. However, interest calculated using the effective interest method is recognized in the profit and loss account. Dividends on available-for-sale equity instruments are recognized 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 recognized 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. Treasury bills with an original maturity of more than 182 days, treasury notes and other government bonds are classified as held-to-maturity.

Held-to-maturity assets are carried at amortized cost using effective interest rate method. Regular way purchases and sales of financial assets held-to-maturity are

recognized on trade-date, i.e. the date on which the Scheme commits to purchase or sell the asset.

(b) Derivative financial instruments

A derivative is a financial instrument that changes its values in response to changes in the underlying variable, requires no or little net initial investment and is settled at a future date. Derivatives are mainly used to manage exposures to foreign exchange, interest rate and commodity price risk. The classification of derivatives is determined upon initial recognition and is monitored on a regular basis.

Derivatives are initially recognized at fair value plus directly attributable transaction costs. These are subsequently measured at fair value on a regular basis and at each reporting date as a minimum. The fair values of exchange-traded derivatives are based on respective market prices, while the fair value of the over-the-counter derivatives are determined using accepted mathematical models based on market data and assumptions. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in fair values of derivatives that do not qualify for hedge accounting are recognized directly in the income statement.

(c) Financial Liabilities

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

(d) 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 realize 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.

(e) Amortized cost measurement

The amortized 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 amortization using the effective interest method, of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

(f) Hedge Accounting

Hedge accounting is the method that recognizes 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 recognized assets and liabilities. The changes in fair values of hedging instruments are recognized 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 recognized 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 recognized against equity, while any ineffective part is recognized 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 recognized against equity are included in the measurement cost of the asset or the liability. Otherwise the gains or losses previously recognized against equity are removed from equity and recognized in the income statement at the same time as the hedged transaction.

(g) Effective Interest Rate

The effective interest method is a method of calculating the amortized 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

(h) 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.

(i) 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:
 - a. Adverse changes in the payment status of borrowers; or
 - b. 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.

iv. 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 recognized in profit or loss as net foreign exchange losses, except for those arising on financial instruments at FVTPL, which are recognized 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. 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.

viii. Fees and commission

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

6. First time adoption of the International Financial Reporting Standards

These financial statements, for the year ended 31 December 2014, are the first the Scheme has prepared in accordance with International Financial Reporting Standards. For periods up to and including the year ended 31 December 2013, the Scheme prepared its financial statements in accordance with the Ghana National Accounting Standards. Accordingly, the Scheme has prepared financial statements which comply with International Financial Reporting Standards applicable for periods ending on or after 31 December 2014, together with the comparative period data as at and for the year ended 31 December 2013, as described in the accounting policies.

In preparing these financial statements, the Scheme's opening statement of financial position was prepared as at 1 January 2014, the Scheme's date of transition to International Financial Reporting Standards. This note explains the principal adjustments made by the Scheme in restating the Ghana National Accounting Standards statement of financial position as at 1 January 2014 and its previously published Ghana National Accounting Standards financial statements as at and for the year ended 31 December 2013.

(a) **Exemptions applied**

IFRS 1 - First-Time Adoption of International Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain International Financial Reporting Standards.

The Scheme has elected to designate certain investments in quoted equity, unquoted equity, corporate bond and state government bonds as available-for-sales financial assets at the date of transition to International Financial Reporting Standards despite the fact that such investments were not hitherto classified as such under Ghana National Accounting Standards.

(b) **Reconciliation of members fund reported under GNAS to Members fund reported under IFRS at 1 January 2014**

ASSETS	GNAS GH¢	Reclassif. GH¢	Remeasure. GH¢	IFRS GH¢
Equities	383,945	(383,945)	-	-
Fixed interest securities	6,326,056	(6,326,056)	-	-
Money market securities	6,758,518	(6,758,518)	-	-
Cash and cash equivalents	-	620,529	-	620,529
Non-pledged financial Instruments at fair value through profit and loss	-	13,255,414	-	13,255,414
Cash and bank	407,424	(407,424)	-	-
Accounts receivable	2,020	-	-	2,020
	13,877,963	-	-	13,877,963
	=====	===	==	=====

(b) **Reconciliation of members fund reported under GNAS to Members fund reported under IFRS at 1 January 2014 (Cont'd)**

MEMBERS FUND AND LIABILITIES				
Members' Fund	-	13,792,285	-	13,792,285
Net equity attributable to members	13,792,285	(13,792,285)	-	-
	13,792,285	-	-	13,792,285
	=====	-----	---	-----

Liabilities

Accounts payables	-	85,678	-	85,678
Sundry payables	85,678	(85,678)	-	-
	-----	-----	----	-----
	85,678	-	-	85,678
	-----	-----	----	-----
	13,877,963	-	-	13,877,963
	=====	==	==	=====

(c) **Reconciliation of income statement under GNAS to statement of comprehensive income reported under IFRS at 1 January 2014**

REVENUE	Notes	GNAS GH¢	Reclassif. GH¢	Remeasure. GH¢	IFRS GH¢
Interest income		1,173,197	-	-	1,173,197
Dividend income		6,785	-	-	6,785
Net gain from financial Instruments at fair value through profit and loss		-	197,795	-	197,795
		-----	-----	----	-----
Total revenue		1,179,982	197,795	-	1,377,777
		=====	=====	==	=====
EXPENSES					
Scheme administrator		56,681	-	-	56,681
Fund management fees		24,000	-	-	24,000
Custodian fees		13,304	-	-	13,304
NPRA Levy		31,539	-	-	31,539
General Administrative expenses			24,274	-	-
	24,274				
Audit fees		6,000	-	-	6,000
		-----	-----	----	-----
Total expenses		(155,798)	-	-	(155,798)
		-----	-----	----	-----
		1,024,184	197,795	-	1,221,979
Net realized gain/ (loss) on investments		96,828	(96,828)	-	-
Changes in unrealized gain/ (loss)		100,967	(100,967)	-	-
		-----	-----	----	-----
Operating profit before tax		1,221,979	-	-	1,221,979
Taxation		-	-	-	-
		-----	-----	----	-----
Increase in net asset available for distribution		1,221,979	-	-	1,221,979
		=====	==	==	=====

7. Related parties and Key contractors

a. **Transaction with Trustees/Fund Administrators**

The total Trustees/Administration fees charged during the year amounted to GH¢ 275,446. Included in the payables were Trustees fee of GH¢ 97,428.

b. **Fund Managers**

The Trustees of the Fund appointed Stanbic Investment Management Services Limited, Databank Asset Management, EDC Investments Limited, FirstBanc Limited, Merban Investments Holding Limited, Prudential Securities Limited, Black Star Advisors Limited, IC 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 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¢ 100,311. Included in the payables as at 31 December 2014 were fund management fees payable of GH¢36,864.

c. **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¢ 51,744. Included in the payables as at 31 December 2014 were custodian fees of GH¢ 18,386.

8. Member Contribution received

	2014	2013
	GH¢	GH¢
Balance at 1 Jan	12,572,222	-
Employees contribution during the year	21,604,882	12,574,138
	-----	-----
Benefits paid	34,177,104 (169,158)	12,574,138 (1,916)
	-----	-----
	34,007,946	12,572,222
	=====	=====

9. Benefits

	2014	2013
	GH¢	GH¢
Lump sum retirement benefits	169,158	1,916
Lump sum payment on death of members	-	-
	-----	-----
	169,158	1,916
	=====	=====

10. Interest income

	2014	2013
	GH¢	GH¢
Interest income from financial assets carried at amortized cost:		
Cash and cash equivalents	82,926	25,395
Interest income on financial instruments designated as at fair value through profit or loss:		
Debt securities	3,434,564	702,214
Held-to-maturity	1,760,680	445,588
	-----	-----
	5,278,170	1,173,197
	=====	=====

11. Financial instruments

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

31 December 2014	Balance 1/1/14 GH¢	Purchase at Cost GH¢	Accrued interest GH¢	Change in fair value GH¢	Value at 31/12/14 GH¢
Quoted Shares	282,978	2,192,115	-	231,528	2,706,621
Ghana Government 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 and time deposits	4,136,005	8,043,467	873,683	-	13,053,155
Corporate Bond	-	1,052,000	54,227	-	1,106,227
	12,660,295	25,165,845	1,699,327	919,460	40,444,927
	=====	=====	=====	=====	=====
31 December 2013	Balance 1/1/13 GH¢	Purchase at Cost GH¢	Accrued interest GH¢	Change in fair value GH¢	Value at 31/12/13 GH¢
Quoted Shares	-	282,978	-	100,967	383,945
Ghana Government Securities	-	5,975,679	350,377	-	6,326,056
Treasury Bills	-	2,265,633	-	-	2,265,633
Fixed and time deposits	-	4,136,005	356,880	-	4,492,885
	-	12,660,295	707,257	100,967	13,465,519
	==	=====	=====	=====	=====

12. Classification of financial assets and financial liabilities

31 December 2014

Total	Notes	Held for trading	Designated as at fair value	Loan and receivable	Other liabilities	
		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
		---	-----	-----	----	-----
		-	36,718,505	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	404,289	404,289
		===	==	=====	=====	=====

31 December 2013

Total	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		-	620,529	-	620,529
Non-pledged financial assets at fair value through profit or loss	13	-	13,255,414	-	-	13,255,414
Dividend receivable				2,020	-	2,020
		---	-----	-----	----	-----
		-	13,255,414	622,549	-	13,877,963
		==	=====	=====	=====	=====
Payables under service level agreements	15		-	-	-	
	72,445	72,445				
Other payables					13,233	13,233
		----	----	----	-----	-----
		-	-	-	85,678	85,678
		===	===	===	=====	=====

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

	2014	2013
	GH¢	GH¢
Debt securities	23,004,079	8,591,689
Quoted Equity investments	2,706,621	383,945
Held-to-maturity securities	11,278,984	4,279,780
	-----	-----
	36,989,684	13,255,414
	=====	=====

14. Cash and cash equivalents

	2014	2013
	GH¢	GH¢
Cash and Bank Balances	247,996	407,424
91 day fixed deposit	1,774,171	213,105
91 day Treasury bill	1,681,073	-
	-----	-----
	3,703,240	620,529
	=====	=====

15. Payable under service level agreements

	2014	2013
	GH¢	GH¢
Management fees	183,448	66,445
Audit fees	8,000	6,000
Other accruals	-	13,233
	-----	-----
	191,448	85,678
	=====	=====

16. Taxation

Occupational pension scheme, 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.

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