



# Annual Report 2020






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***GHANA EDUCATION SERVICE OCCUPATIONAL PENSION  
SCHEME***

***ANNUAL REPORT AND FINANCIAL STATEMENTS  
31 DECEMBER 2020***

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**PARTICULARS OF SERVICE PROVIDERS/ADVISORS**

Advisor	Name	Location/Address	Phone Number	Email
Chairman	Nathaniel Otoo	1ST FLOOR SSNIT EMPORIUM, AIRPORT Accra	059 692 1135	<a href="mailto:info@gespensions.com.gh">info@gespensions.com.gh</a>
Secretary	Okyeame Sarfo	1ST FLOOR SSNIT EMPORIUM, AIRPORT Accra	059 692 1135	<a href="mailto:info@gespensions.com.gh">info@gespensions.com.gh</a>
Sponsor	Ghana Education Service	The Public Relations Unit, Ministry of Education K Block Ground Floor. Ministries – Accra, Ghana	030 268 3627	<a href="mailto:pro@moe.gov.gh">pro@moe.gov.gh</a>
Pension Fund custodian	Prudential Bank Limited	8 John Harmond Street, Ring Road Central	030 278 1197	<a href="mailto:Seth.Kyeremeh@prudentialbank.com.gh">Seth.Kyeremeh@prudentialbank.com.gh</a>  <a href="mailto:Mark.Eshun@prudentialbank.com.gh">Mark.Eshun@prudentialbank.com.gh</a>
Pension Fund manager(s)	Databank Asset Mgt Services Limited	61 Barnes Avenue, Adabraka PMB MPO,	030 261 0610 (Ext 1818- 20)	<a href="mailto:pensions@databankgroup.com">pensions@databankgroup.com</a>
	IC Asset Managers	2nd Johnson Sirleaf Road Accra	030 276 5086	<a href="mailto:info@icassetmanagers.com">info@icassetmanagers.com</a>
	Investcorp Assset Management Limited	No. 15 Wawa drive North Dzorwulu	030 250 9045	<a href="mailto:info@investcorpgh.com">info@investcorpgh.com</a>
Administrator	GLICO Pensions Trustee Limited	Glico House # 47 Kwame Nkrumah Avenue P. O. Box GP 4251, Accra, Ghana Adabraka – Accra	030 2-246140, 264142	<a href="mailto:fsgrant@glicopensions.com">fsgrant@glicopensions.com</a>  <a href="mailto:btandoh@glicopensions.com">btandoh@glicopensions.com</a>
Auditor	KPMG	13 Yiyiwa Drive, Abelenkpe	030 277 0454	<a href="mailto:info@kpmg.com.gh">info@kpmg.com.gh</a>
Independent Trustee	Petra Trust Company Limited	113 Airport West, Dzorwulu	024 243 5037	<a href="mailto:info@petratrust.com">info@petratrust.com</a>

# GES Occupational Pension Scheme Annual Report and Financial Statements For the year ended December 31, 2020

## REPORT OF THE BOARD OF TRUSTEES TO THE MEMBERS OF GHANA EDUCATIONAL SERVICE OCCUPATIONAL PENSION SCHEME

The Board of Trustees present their report together with the audited financial statements of the Ghana Education Service (GES) Occupational Pension Scheme (“the Scheme”) for the year ended 31 December 2020.

### ESTABLISHMENT, NATURE AND THE STATUS OF THE SCHEME

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

The Scheme is a tax-exempt pension scheme under the National Pensions Act, 2008 (Act 766) and any amendments made to it thereafter. The Scheme’s activities are bound by provisions of the National Pensions Act, 2008, (Act 766), as amended, regulations made under it, guidelines formulated and published and any board directives that may be issued from time to time as well as the governing rules of the Scheme.

Trustees are ultimately responsible for administration and management of the Scheme and their responsibility to the Scheme is established by a Trust Deed and Scheme Governing rules approved on September 1, 2016. The Scheme Trust Deed and Governing rules both of which are subject to Act 766, form the basis of establishing the Scheme.

### SCHEMEMEMBERSHIPSTATISTICS

#### Movement during the year

Description	Number at 1 January 2020	Joiners	Withdrawals	Number at 31 December 2020
Active Members	353,833	60,419	(11,645)	402,607

#### Summary Statistics

Description	Deferred Contributors	Transfer In	Transfer Out	Partial Withdrawals	Retirement (Statutory)	Retirement (Early)	Permanent Emigration	Incapacities Members	Death
Numbers	-	-	-	3,516	8,129	-	-	-	-

### INVESTMENT REPORT

#### Statement of Investment Principles

We, the Board of Trustees attest that the Scheme has been invested with the objective of obtaining safe and fair returns in accordance with the National Pensions Act, 2008 (Act 766), National Pensions (Amendment) Act, 2014 (Act 883) and the Occupational and Personal Pension Schemes (General) Regulations, 2011 (L.I.1990).

#### Particulars of Investment Policy

The provision of reasonable retirement benefits will require the achievement of investment returns that exceed inflation (as measured by the official Consumer Price Index) after allowing for fees and expenses. The safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The Board of Trustees will periodically establish benchmark yields for various categories of the Scheme’s investments.

**REPORT OF THE BOARD OF TRUSTEES**  
**TO THE MEMBERS OF**  
**GHANA EDUCATIONAL SERVICE OCCUPATIONAL PENSION SCHEME (CONT'D)**

**Investment Allocation**

Asset Type	2020		2020	2020	2019
	Maximum Allocation	Actual Allocation	Investment Income Earned	Year End Value	Year End Value
	%	%	GH¢'000	GH¢'000	GH¢'000
Government	60%	80.7%	598,611	3,521,468	2,913,654
Local Gov. and Sta.	15%	10.6%	74,253	460,369	356,864
Corporate Bonds /	35%	3.2%	10,701	140,277	35,602
Money Market	35%	4.2%	24,663	185,287	100,139
Quoted/Listed	20%	0.4%	(321)	16,457	16,888
Open and Closed	15%	0.7%	4,017	32,020	31,320
Cash and Cash	0%	0.2%	1,936	8,443	6,349
<b>Total</b>		<b>100%</b>	<b>713,860</b>	<b>4,364,321</b>	<b>3,460,816</b>

**FINANCIAL REVIEW (SCHEME REPORT)**

The Statement of Changes in Net Assets Available for Benefits as presented on page 10 shows an increase in Net Assets available for Benefits for the year ended 31 December 2020 of GH¢ 970 million (2019: GH¢ 2.7 billion) and the Statement of Net Assets Available for Benefits on page 9 shows the Scheme's Net Assets as at 31 December 2020 amounting to GH¢ 4.5 billion (2019: GH¢ 3.6 billion).

**Expenses**

All expenses are charged against the Scheme. We confirm that expenses charged and deducted from the Scheme are those allowable under the National Pensions Act, 2008 (Act 766), as amended, guidelines on Fees and charges and any other directives issued by the Authority from time to time. Details of fees payable to and charged by all service providers are shown in Note 9 and 16 respectively.

Type	2020		2019
	Maximum Rate	Actual Rate	Amount
	%	%	GH¢'000
NPRA Fees	0.33%	0.33%	12,936
Trustee (Administrator) Fees	1.33%	1.31%	50,139
Pension Fund Custodian Fees	0.28%	0.16%	6,756
Pension Fund Managers Fees	0.56%	0.30%	12,150
Audit Fees			118
<b>Total</b>			<b>82,099</b>

**REPORT OF THE BOARD OF TRUSTEES  
TO THE MEMBERS OF  
GHANA EDUCATIONAL SERVICE OCCUPATIONAL PENSION SCHEME (CONT'D)**

**TRUSTEES**

License number	Name	Position	Date of appointment	Date of exit
NPRA 17041	Nathaniel Otoo	Board Chairman	Jan-18	N/A
NPRA 16055	Anna Pearl Akiwumi Siriboe	Member	Feb-16	N/A
NPRA 16057	Abena Gyamera	Member	Feb-16	N/A
NPRA 16062	Christian Addai-Poku	Member	Feb-16	N/A
NPRA 16059	David Ofori Acheampong	Member	Feb-16	N/A
NPRA 16016	Godfred Sepenu	Member	Feb-16	N/A
NPRA 16060	King Ali Awudu	Member	Feb-16	N/A
NPRA 17040	Augustine Saakuur-Karbo	Member	Sep-16	N/A
NPRA 16063	Kwamena Ahenakwa-Quarshie	Member	Feb-16	N/A
NPRA 17039	Alexander Kwaku Agyei-Frimpong	Member	Feb-16	N/A
NPRA 17043	Anthony Boateng	Member	Jan-18	N/A
NPRA 19055	Wihelmina Asamoah	Member	Apr-19	N/A
NPRA 19054	Eric Kofi Agbe-Garbonu	Member	Apr-19	N/A
NPRA 17042	Akligoh Sampson	Member	Jan-18	N/A
NPRA 12001	Petra Trust Company Limited	Independent Trustee	Jul-16	N/A

**STATUTORY REQUIREMENTS**

The Trustees of the Ghana Education Service (GES) Occupational Pension Scheme are required to comply with the requirements of the National Pensions Act, 2008 (Act 766), the National Pensions (Amendment) Act, 2014 (Act 883) and the Occupational and Personal Pension Schemes (General) Regulations, 2011(L.I.1990), Regulations made under it, Guidelines and Board directives that have been issued. The Trustees monitored the various guidelines and related material published during the year by the National Pensions Regulatory Authority and other regulatory bodies, to ensure that the Scheme and its administration were in compliance. There was no change to governing rules of the Scheme during the year.

**SUBSEQUENT EVENTS**

The Board of Trustees are not aware of any matter or circumstances arising since the end of the financial year that requires adjustment or disclosure in the financial statements.

**AUDITOR**

KPMG was appointed as the auditor of the Scheme on 24th July 2016 and has expressed their willingness to continue in office as Auditor of the Scheme.

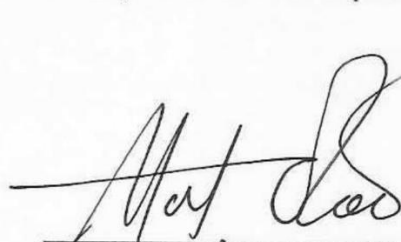
**ON BEHALF OF THE BOARD OF TRUSTEES**

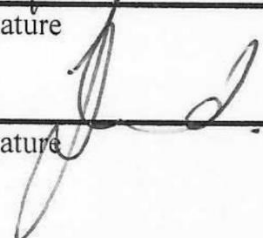
NATHANIEL OTOO

Trustee (Name)

KOFI FYNN

Independent Trustee (Name)

 28/05/21  
Signature Date

 28/05/21  
Signature Date



REPORT OF THE BOARD OF TRUSTEES  
TO THE MEMBERS OF  
GHANA EDUCATIONAL SERVICE OCCUPATIONAL PENSION SCHEME (CONT'D)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Board of Trustees are responsible for the preparation of the financial statements that give a true and fair view of Ghana Education Service (GES) Occupational Pension Scheme, comprising the statement of net assets available for benefits at 31 December 2020 and the statements of changes in net assets available for benefits, movement in net assets available for benefits and cash flows for the year ended 31 December 2020 and notes to the financial statements which includes a summary of significant accounting policies and other explanatory notes, in accordance with the International Financial Reporting Standards and in the manner required by the National Pensions Act, 2008 (Act 766), the National Pensions (Amendment) Act, 2014 (Act 883) and the Occupational and Personal Pension Schemes (General) Regulations, 2011 (L.I.1990). In addition, the Board of Trustees are responsible for the preparation of the Report of the Board of Trustees.

The Board of Trustees are also responsible for such internal controls as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Trustees have made an assessment of the ability of the Scheme to continue as a going concern and have no reason to believe that the Scheme will not be a going concern in the year ahead.

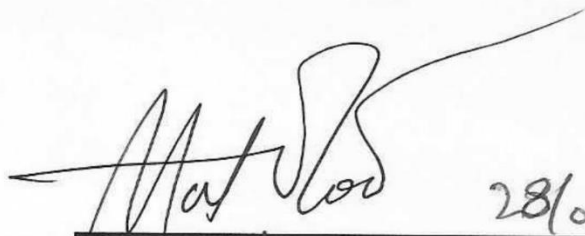
The auditor is responsible for reporting whether the financial statements give a true and fair view in accordance with applicable financial reporting framework.


These financial statements:

- were approved by the Board of Trustees;
- are certified by the Board of Trustees to the best of their knowledge and belief to be correct;
- fairly represent the net assets of the Scheme at 31 December 2020 as well as the results of its activities for the year then ended; and
- are signed on behalf of the Board of Trustees by;

NATHANIEL OTOO  
Trustee (Name)

KOFI FYNW  
Independent Trustee (Name)

 28/05/21  
Signature Date

 28/05/21  
Signature Date



**INDEPENDENT AUDITOR'S REPORT**

**To the Trustees of Ghana Education Service (GES) Occupational Pension Scheme**

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of Ghana Education Service (GES) Occupational Pension Scheme (“the Scheme”), which comprise the statement of net assets available for benefits at 31 December 2020, and the statements of changes in net assets available for benefits, movement in net assets available for benefits and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 37.

In our opinion, these accompanying financial statements give a true and fair view of the financial position of the Scheme at 31 December 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the National Pensions Act, 2008 (Act 766), the National Pensions (Amendment) Act, 2014 (Act 883) and the Occupational and Personal Pension Schemes (General) Regulations, 2011 (L.I.1990).

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Scheme in accordance with the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Ghana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Interest income on investments at amortised cost - Refer to Note 13 of the financial statements</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
Interest income on investment measured at amortised cost consists of interest income earned on government securities, corporate bonds and fixed deposits. The interest income was GH¢ 708 million for the year ended 31 December 2020.	Our principal procedures included: <ul style="list-style-type: none"> <li>• Agreed the elements of the investment schedule used in the computation of investment income to source documents.</li> </ul>
Interest income earned on investments measured at amortised cost may be misstated due to error as a result of the size of the Scheme’s assets that generate this income.	<ul style="list-style-type: none"> <li>• Re-computed interest income taking into consideration the days run during the year.</li> <li>• Re-computed the amortised transaction cost on secondary bonds over the term of each investment.</li> </ul>
Due to the varied investments and the volume of transactions, there is a risk that the interest income may be erroneously computed.	<ul style="list-style-type: none"> <li>• Evaluated the adequacy of the Scheme’s disclosures on interest income in the financial statements in accordance with the applicable financial reporting framework.</li> </ul>
On account of the above, we considered interest income on investments measured at amortised cost a key audit matter.	



## INDEPENDENT AUDITOR'S REPORT

To the Trustees of Ghana Education Service (GES) Occupational Pension Scheme

### *Other Information*

The Trustees are responsible for the other information. The other information comprises the Particulars of Service Providers/Advisors and Report of the Board of Trustees as required by the National Pensions Act, 2008 (Act 766), the National Pension (Amendment) Act, 2014 (Act 883) and the Occupational and Personal Pension Schemes (General) Regulations, 2011 (L.I.1990) but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the Trustees for the Financial Statements*

The Trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the National Pensions Act, 2008 (Act 766), the National Pension (Amendment) Act, 2014 (Act 883) and the Occupational and Personal Pension Schemes (General) Regulations, 2011 (L.I.1990), and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for overseeing the Scheme's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.



## INDEPENDENT AUDITOR'S REPORT

### To the Trustees of Ghana Education Service (GES) Occupational Pension Scheme

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Trustees with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Trustees, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

*Compliance with the requirements of Section 82 of the Occupational and Personal Pension Schemes (General) Regulations, 2011 (L.I.1990)*

Proper accounting records have been kept during the year ended 31 December 2020 in respect of the funds of the Scheme, the Scheme's assets and financial transactions entered into in relation to the Scheme.

Except for the Scheme exceeding the investment threshold in Government securities by 20.7%, the Scheme has complied with the requirements of section 35 of the Regulations with respect to prohibited investment practices and the Guidelines on investment of pension funds. The Scheme has complied with the requirements specified in the NPRA Guidelines.

The engagement partner on the audit resulting in this independent auditor's report is Frederick Nyan Dennis (ICAG/P/1426).

*KPMG*

For and on behalf of:

KPMG: (ICAG/F/2021/038)

CHARTERED ACCOUNTANTS

13 YIYIWA DRIVE, ABELENKPE

P O BOX GP 242

ACCRA

*28 May*

.....2021

KPMG, a partnership established under Ghanaian law, is a member of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

A.K. Sarpong  
D.S. Adoteye  
K. Frempong-Kore  
E. Addico

E.O. Asiedu  
A.O. Akoto  
F. Dennis  
L. Amidu

N.D. Harley  
N.A. Ayivor  
J. Coleman  
K. S. Barnieh

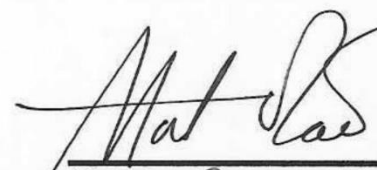
**GHANA EDUCATION SERVICE OCCUPATIONAL PENSION SCHEME**  
**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS**  
**AT 31 DECEMBER 2020**

*(All amounts are in thousands of Ghana cedis)*

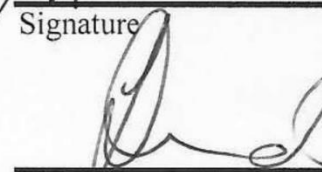
	Note	2020	2019
<b>Assets</b>			
Cash and cash equivalents	3	8,443	6,349
Matured investment receivable	4	11,649	14,201
Contribution receivable	5(b)	175,831	85,847
Investment at amortised cost	6	4,307,401	3,406,259
Mutual fund investments	7	32,020	31,320
Equity securities	8	16,457	16,888
<b>Total assets</b>		<u>4,551,801</u>	<u>3,560,864</u>
<b>Liabilities</b>			
Other payables	9	8,964	7,801
Benefits payable - Scheme members	10(b)	886	-
Benefits payable - SSNIT	11	18,960	-
<b>Total liabilities</b>		<u>28,810</u>	<u>7,801</u>
 <b>Total assets less liabilities</b>		 <u><u>4,522,991</u></u>	 <u><u>3,553,063</u></u>
 <b>Represented by:</b>			
 <b>Net assets available for benefits</b>	 17	 <u><u>4,522,991</u></u>	 <u><u>3,553,063</u></u>

The Financial Statements were approved by the Trustees on 28/05/21 and were signed on its behalf by:

NATHANIEL OTOO  
 Trustee (Name)

 28/05/21  
 Signature Date

Kofi Fynn  
 Independent Trustee (Name)

 28/05/21  
 Signature Date

*The notes on pages 13 to 37 are an integral part of these financial statements.*

# GES Occupational Pension Scheme Annual Report and Financial Statements For the year ended December 31, 2020

## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS GHANA EDUCATION SERVICE OCCUPATIONAL PENSION SCHEME STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED 31 DECEMBER 2020

*(All amounts are in thousands of Ghana cedis)*

	Note	2020	2019
<b>DEALINGS WITH MEMBERS</b>			
Contributions	5(a)	405,958	337,973
Transfers in	12	-	1,904,243
<b>Less: Benefit expenses</b>			
- To Scheme members	10(a)	(46,179)	-
- To SSNIT	11	(18,960)	-
<b>A: Net additions from dealings with members</b>		<b>340,819</b>	<b>2,242,216</b>
<b>RETURNS ON INVESTMENT</b>			
Investment income	13	711,102	516,165
Less: brokerage fees		(100)	(65)
<b>B: Net investment income</b>		<b>711,002</b>	<b>516,100</b>
<b>C: Net gains on investments</b>	14	<b>2,758</b>	<b>2,080</b>
Administrative expenses	16	(82,099)	(58,504)
Impairment of financial assets	20(ii)	(2,552)	(10,570)
<b>D: Total expenses</b>		<b>(84,651)</b>	<b>(69,074)</b>
<b>Increase in Net Assets for the year (A+B+C-D)</b>		<b>969,928</b>	<b>2,691,322</b>

*The notes on pages 13 to 37 are an integral part of these financial statements.*

**STATEMENT OF MOVEMENT IN NET ASSETS AVAILABLE FOR BENEFITS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

*(All amounts are in thousands of Ghana cedis)*

	Note	2020	2019
Net assets available for benefits at 1 January		3,553,063	861,741
Increase in net assets for the year		969,928	2,691,322
Net assets available for benefits at 31 December	17	<b><u>4,522,991</u></b>	<b><u>3,553,063</u></b>

*The notes on pages 13 to 37 are an integral part of these financial statements.*

# GES Occupational Pension Scheme Annual Report and Financial Statements For the year ended December 31, 2020

## STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

(All amounts are in thousands of Ghana cedis)

	Note	2020	2019
<b>Cashflows from operating activities</b>			
Increase in Net Assets for the year		969,928	2,691,322
Adjustments for:			
Investment income *	13	(709,895)	(516,165)
Net gains on investments	14	(2,758)	(2,080)
Impairment of financial assets	20(ii)	2,552	10,570
		259,827	2,183,647
<i>Changes in:</i>			
Due from the board of trustees		-	544
Other payables		1,163	5,274
Benefits payable - Scheme members		886	-
Benefits payable - Refunds to SSNIT		18,960	-
Contribution receivable		(89,984)	(60,544)
		190,852	2,128,921
Interest received on investments measured at amortised cost	6	670,817	422,981
Interest received on call accounts	13	1,936	5,438
Dividend received	13	938	670
<b>Net cash from operating activities</b>		<b>864,543</b>	<b>2,558,010</b>
<b>Cash flows from investing activities</b>			
Purchase of investments at amortised cost **	6	(1,285,623)	(1,142,700)
Transfers In		-	(1,627,196)
Purchase of mutual fund investments	7	(3,247)	(5,000)
Purchase of equity securities	8	(1,851)	-
Proceeds from matured investments at amortised cost	6	458,941	157,040
Proceeds from matured investment receivable		-	44,118
Proceeds from sale of mutual fund investments	7	6,564	6,006
Proceeds from sale of equity securities	8	1,024	-
Transaction costs paid	6	(12,649)	(41,402)
<b>Net cash used in investing activities</b>		<b>(836,841)</b>	<b>(2,609,134)</b>
Net (decrease)/increase in cash and cash equivalents		27,702	(51,124)
Cash and cash equivalents at 1 January	3	6,349	57,473
<b>Cash and cash equivalents at 31 December</b>	<b>3</b>	<b>34,051</b>	<b>6,349</b>

\* This excludes interest income of GH¢ 1.2 million for investments with original maturities less than 3 months from date of purchase. These investments are accounted for as part cash and cash equivalent in the statement of cash flow.

\*\* This excludes purchases amounting to GH¢ 24.4 million for investments with original maturities less than 3 months from date of purchase. These investments are accounted for as part cash and cash equivalent in the statement of cash flow.

The notes on pages 13 to 37 are an integral part of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**SCHEME INFORMATION**

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

Ghana Education Service is the sponsor of the Ghana Education Service (GES) Occupational Pension Scheme. As at the date of reporting, the number of employees of Ghana Education Service (GES) Occupational Pension Scheme was 402,607 (2019: 353,833).

Ghana Education Service (GES) Occupational Pension Scheme has been established to provide pension benefits to employees of the Ghana Education Service who proceed on retirement.

**1 Basis of preparation**

**1.1 Statement of Compliance**

The Financial Statements of the Scheme have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the National Pensions Act, 2008 (Act 766), the National Pensions (Amendment) Act, 2014 (Act 883), the Occupational and Personal (General) Regulations (L.I. 1990) and relevant Guidelines.

**1.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.

The principal accounting policies adopted in the preparation of these financial statements remain unchanged from the previous year.

**1.3 Use of Estimates and Judgement**

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

**1.4 Estimation uncertainties and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**1.5 Fair value of Financial Instruments**

Information on fair value measurement is disclosed under Note 21(b)

**2 SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT'D)

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 **Functional and presentation currency**

These financial statements are presented in Ghana cedis, which is the Scheme's functional currency. All amounts have been rounded to the nearest thousand, except when otherwise indicated.

2.2 **Contributions**

Contributions are recognized in the period in which they fall due. The Contributions are in compliance with rates as per the National Pensions Act, 2008 (Act 766), the National Pensions (Amendment) Act, 2014 (Act 883) and the Occupational and Personal Pension Schemes (General) Regulations, 2011 (L.I.1990) and the Scheme Governing Rules.

2.3 **Transfer In/Out**

Transfers are recognised in the period in which members join or leave the Scheme. These are presented separately in the financial statements.

2.4 **Benefits**

Benefits are recognized in the period in which they fall due. Benefits represent all valid benefit claims paid/payable during the year in compliance with the National Pensions Act, 2008 (Act 766), the National Pensions (Amendment) Act, 2014 (Act 883) and the Occupational and Personal Pension Schemes (General) Regulations, 2011 (L.I.1990) and the Scheme Governing Rules.

2.5 **Interest income**

Interest income presented in the statement of changes in net assets available for benefits comprise interest on financial assets measured at amortised cost calculated on an effective interest basis.

The 'effective interest rate' is calculated on initial recognition of a financial instrument as the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2.6 **Dividend income**

Dividend income is recognised in the statement of net assets available for benefits on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date.

Dividend income from equity securities at FVTPL is recognised in statement of changes in net assets available for benefits within 'investment income'.

2.7 **Net gains on investments**

Net gains on investments represents realised and unrealised fair value gains or loss on mutual funds and equity securities. This is presented on the face of the statement of changes in net assets available for benefits.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT'D)

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets and financial liabilities

2.8.1 Recognition and initial measurement

The Scheme initially recognises debt securities purchased on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date on which the Scheme becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for a financial asset or financial liability not measured at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

2.8.2 Classification

*Financial assets*

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, unless the Scheme changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

All other financial assets are classified as measured at FVTPL.

*Business model assessment*

The Scheme makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Scheme's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation; but as part of an overall assessment of how the Scheme's stated objective for managing the financial assets is achieved and how cash flows are realised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT'D)

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets and financial liabilities (cont'd)

2.8.2 Classification (cont'd)

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

*Assessment whether contractual cash flows are solely payments of principal and interest* For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Scheme considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Scheme considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Scheme's claim to cash flows from specified assets - e.g. non-recourse asset arrangements; and
- features that modify consideration of the time value of money - e.g. periodic reset of interest rates.

Equity instruments have contractual cash flows that do not meet the SPPI criterion. Accordingly, all such financial assets are measured at FVTPL unless the FVOCI option is selected.

*Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Scheme changes its business model for managing financial assets.

2.8.3 Derecognition

*Financial assets*

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in statement of net asset available for benefits.

In transactions in which the Scheme neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Scheme continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT'D)

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets and financial liabilities (cont'd)

2.8.3 *Derecognition*  
(cont'd)

*Financial liabilities*

The Scheme derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

2.8.4 *Modifications of financial assets and financial liabilities*

*Financial assets*

If the terms of a financial asset are modified, then the Scheme evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

— fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and

— other fees are included in statement of net asset available for benefits as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms.

If the Scheme plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost does not result in derecognition of the financial asset, then the Scheme first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in statement of net asset available for benefits. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets and financial liabilities (cont'd)

2.8.4 Modifications of financial assets and financial liabilities (cont'd)

*Financial liabilities*

The Scheme derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in statement of net asset available for benefits. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in statement of net asset available for benefits. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

*Interest rate benchmark reform (policy applied from 1 January 2020)*

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Scheme updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Scheme first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Scheme applies the policies on accounting for modifications set out above to the additional changes.

2.8.5 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Scheme currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Standards, or for gains and losses arising from a Scheme of similar transactions such as in the Scheme's trading activity.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets and financial liabilities (cont'd)

2.8.6 Fair value measurement

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Scheme has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Scheme measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Scheme uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Scheme determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in statement of net asset available for benefits on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Scheme measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Scheme on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Scheme recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT'D)

**2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.8 Financial assets and financial liabilities (cont'd)**

**2.8.7 Impairment**

The Scheme recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- matured investment receivables; and
- contribution receivables

No impairment loss is recognised on equity investments.

The Scheme measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Scheme considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Scheme does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognised are referred to as 'Stage 1 financial instruments'. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognised but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

*Measurement of ECL*

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- *financial assets that are not credit-impaired at the reporting date*: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Scheme expects to receive);
- *financial assets that are credit-impaired at the reporting date*: as the difference between the gross carrying amount and the present value of estimated future cash flows;

When discounting future cash flows, the following discount rates are used:

- *financial assets other than purchased or originated credit-impaired (POCI) financial assets*: the original effective interest rate or an approximation thereof;



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT'D)

**2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.8 Financial assets and financial liabilities (cont'd)**

*2.8.7 Impairment (cont'd)*

*Restructured financial assets*

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

— If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

— If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

*Credit impaired financial assets*

At each reporting date, the Scheme assesses whether financial assets carried at amortised cost, debt financial assets carried at FVOCI and finance lease receivables are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
  - a breach of contract such as a default or past-due event;
  - the restructuring of a loan or advance by the Scheme on terms that the Scheme would not consider otherwise;
  - it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- or
- the disappearance of an active market for a security because of financial difficulties.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Scheme considers the following factors:

- The market's assessment of creditworthiness as reflected in bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT'D)

**2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.8 Financial assets and financial liabilities (cont'd)**

**2.8.7 Impairment (cont'd)**

*Presentation of allowance for ECL in the statement of financial position*

Loss allowances for ECL on financial assets measured at amortised cost are presented in the statement of financial positions a deduction from the gross carrying amount of the assets.

*Write off*

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Scheme determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are recognised when cash is received and are included in 'impairment losses on financial instruments' in the statement of net asset available for benefits.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Scheme's procedures for recovery of amounts due.

**2.9 Cash and cash equivalents**

Cash and cash equivalents' include bank balances and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Scheme in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

**2.10 Changes in significant accounting policies**

A number of other new standards are also effective from 1 January 2020 that do not have a material effect on the Scheme's financial statements.

**2.11 New Standards and Interpretations issued not yet adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020 and have not been applied in preparing these financial statements. Those which may be relevant to the Scheme are set out below. The Scheme does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

**Effective for the financial year commencing 1 January 2021**

- *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*

**Effective for the financial year commencing 1 January 2022**

- *Annual Improvements to IFRS Standards (2018 – 2020) (Amendment to IFRS 1, IFRS 9, IFRS 16 and IAS 41)*

**Effective for the financial year commencing 1 January 2023**

- *Classification of Liabilities as Current or Non-Current (Amendment to IAS 1)*

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT'D)

2.11 New Standards and Interpretations issued not yet adopted (cont'd)

**Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)**

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and
- hedge accounting

The Scheme is yet to assess the effect of the standard on its financial statements.

**Annual Improvements to IFRS Standards 2018-2020**

IFRS 9 Financial Instruments	The amendment clarifies that for the purpose of performing the ‘‘10 per cent test’’ for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.
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The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.

The Scheme is yet to assess the effect of the standard on its financial statements.

**Classification of liabilities as current or non-current (Amendments to IAS 1)**

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management’s intentions or expectations for settling a liability when determining its classification is unchanged.

The amendments are to be applied retrospectively from the effective date.

The Scheme is yet to assess the effect of the standard on its financial statements.

# GES Occupational Pension Scheme Annual Report and Financial Statements For the year ended December 31, 2020

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT'D)

### 3 CASH AND CASH EQUIVALENTS

	2020	2019
	GH¢'000	GH¢'000
Balances with bank	8,443	6,349
Cash and cash equivalents in the statement of financial position	8,443	6,349
Investments with original maturities less than 3 months	25,608	-
Cash and cash equivalents in the statement of cash flows	<b>34,051</b>	<b>6,349</b>

### 4 MATURED INVESTMENT RECEIVABLE

	2020	2019
	GH¢'000	GH¢'000
Gross amount due	26,737	26,737
Impairment allowance (20ii)	(15,088)	(12,536)
	<b>11,649</b>	<b>14,201</b>

This balance represents investments that have matured as at the end of the year but yet to be settled by the issuers of the security.

### CONTRIBUTIONS AND CONTRIBUTION

#### 5 RECEIVABLE

##### a) Contributions

	2020	2019
	GH¢'000	GH¢'000
Contribution received	230,127	252,126
Contribution receivable	175,831	85,847
	405,958	337,973
Transfer In (Note 12)	-	1,904,243
	<b>405,958</b>	<b>2,242,216</b>

##### b) Contribution receivable

	2020	2019
	GH¢'000	GH¢'000
<i>Contributions outstanding</i>		
For less than 30 days	77,338	56,410
Between 30 and 60days	32,720	29,437
Between 60 and 90days	33,175	-
More than 90 days	32,598	-
	<b>175,831</b>	<b>85,847</b>

### 6 INVESTMENTS AT AMORTISED COST

2020	Government Securities	Corporate Bonds	Fixed Deposits	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
At 1 January 2020	3,270,518	35,602	100,139	3,406,259
Purchases at cost	820,714	101,125	388,184	1,310,023
Matured investments	(152,538)	(955)	(305,448)	(458,941)
Interest income	672,864	10,701	24,663	708,228
Interest received	(641,538)	(7,028)	(22,251)	(670,817)
Transaction cost	11,817	832	-	12,649
<b>At 31 December 2020</b>	<b>3,981,837</b>	<b>140,277</b>	<b>185,287</b>	<b>4,307,401</b>

# GES Occupational Pension Scheme Annual Report and Financial Statements For the year ended December 31, 2020

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT'D)

### 6 INVESTMENT AT AMORTISED COST (CONT'D)

2019	Government Securities GH¢'000	Corporate Bonds GH¢'000	Fixed Deposits GH¢'000	Total GH¢'000
At 1 January 2019	608,326	29,000	45,597	682,923
Purchases at cost	1,006,263	24,654	111,783	1,142,700
Transfer In	1,627,196	-	-	1,627,196
Matured investments	(100,073)	-	(56,967)	(157,040)
Matured investment receivable	-	(19,410)	-	(19,410)
Interest charged	491,345	7,087	11,625	510,057
Interest received	(403,941)	(6,838)	(12,202)	(422,981)
Transaction cost	41,402	-	-	41,402
Impairment reversal	-	1,109	303	1,412
<b>At 31 December 2019</b>	<b>3,270,518</b>	<b>35,602</b>	<b>100,139</b>	<b>3,406,259</b>

### 7 MUTUAL FUNDS

	2020 GH¢'000	2019 GH¢'000
At 1 January	31,320	27,889
Purchases	3,247	5,000
Disposals	(6,564)	(6,006)
Fair value gains	4,017	4,437
<b>At 31 December</b>	<b>32,020</b>	<b>31,320</b>

*Analysis of market value and fair value gains on investments held in mutual funds are as follows*

	Market value		Fair value gains	
	2020 GH¢'000	2019 GH¢'000	2020 GH¢'000	2019 GH¢'000
Republic Unit Trust	1,487	1,344	143	144
Stanlib Cash Trust	1,618	1,385	234	179
Stanlib Income Fund Trust	17,301	14,645	2726	2,147
Databank Money Market Fund	-	-	-	621
Investcorp mid-tier Investment Fund	-	6,220	344	962
EDC Balanced Fund	5,029	4,940	89	98
EDC Ghana Fixed Income Unit Trust	3,248	2,786	462	286
Fidelity Fixed Income	2,298	-	19	-
Black Star Alpha Plus	1,039	-	-	-
	<b>32,020</b>	<b>31,320</b>	<b>4,017</b>	<b>4,437</b>

### 8 EQUITY SECURITIES

	2020 GH¢'000	2019 GH¢'000
At 1 January	16,888	19,245
Purchases	1,851	-
Disposals	(1,024)	-
Fair value loss	(1,258)	(2,357)
<b>At 31 December</b>	<b>16,457</b>	<b>16,888</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020(CONT'D)**

**EQUITY SECURITIES (CONT'D)**

*Analysis of market value and fair value loss of investments in equity securities are as follows:*

	Market value		Fair value gains	
	2020	2019	2020	2019
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Financial Sector	8,008	9,068	(976)	(3)
Oil and Gas Sector	1,105	1,245	(140)	(962)
Manufacturing Sector	757	1,733	(896)	(770)
Telecom Sector	6,587	4,842	754	(622)
	<b>16,457</b>	<b>16,888</b>	<b>(1,258)</b>	<b>(2,357)</b>

**9 OTHER PAYABLES**

	2020	2019
	GH¢'000	GH¢'000
<i>Asset based fees</i>		
NPRA fees payable	1,205	959
Fund administrator fees payable	1,490	1,214
Fund manager fees payable	1,496	1,258
Fund custodian fees payable	616	513
Independent trustee fees payable	398	324
Board of trustees fees payable	2,676	2,297
Audit fees payable	118	118
*Due to Board of trustees	153	35
Sundry payables	812	1,083
	<b>8,964</b>	<b>7,801</b>

\*This amount represents 2018 and 2019 audit fees settled on behalf of the Scheme by the Board of Trustees.

**10 BENEFITS AND BENEFITS PAYABLE - SCHEME MEMBERS**

**a) Benefit expense**

	2020	2019
	GH¢'000	GH¢'000
Lump sum benefit paid	45,293	-
Lump sum benefit payable	886	-
	<b>46,179</b>	<b>-</b>

**b) Benefit payable**

	2020	2019
	GH¢'000	GH¢'000
Lump sum benefit payable	886	-

# GES Occupational Pension Scheme Annual Report and Financial Statements For the year ended December 31, 2020

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020(CONT'D)

### 11 BENEFITS AND BENEFITS PAYABLE - SSNIT

	2020	2019
	GH¢'000	GH¢'000
Lump sum benefit payable	18,960	-

The National Pensions (Amendment) Act, 2014 (Act 883) requires 80% of benefits due to Scheme members whose contributions under the Tier 2 were received within the period 1 January 2010 to 31 December 2015 to be remitted to Social Security and National Pension (SSNIT).

As at 31 December, the amount was yet to be remitted to SSNIT.

### 12 TRANSFERS

	2020	2019
	GH¢'000	GH¢'000
Capital portion	-	1,627,196
Interest portion	-	277,047
	-	1,904,243

During the year ended 31 December 2019, the Scheme received a total transfer of GH¢ 1.9 billion from the National Pension Regulatory Authority as a result of transfers of members contributions from the Temporary Pension Fund Account to the Scheme. These transfer was settled partly by issue of bonds amounting to GH¢ 1.6 billion and by cash amounting to GH¢ 0.3 billion.

### 13 INVESTMENT INCOME

	2020	2019
	GH¢'000	GH¢'000
Interest on government securities	672,864	491,345
Interest on corporate bonds	10,701	7,087
Interest on fixed deposits	24,663	11,625
Interest on call account	1,936	5,438
Dividend income	938	670
	711,102	516,165

### 14 NET GAINS ON INVESTMENT

	2020	2019
Fair value gains on mutual funds	4,017	4,437
Fair value loss on equity securities	(1,259)	(2,357)
	2,758	2,080

# GES Occupational Pension Scheme Annual Report and Financial Statements For the year ended December 31, 2020

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020(CONT'D)

### 15 OTHER INCOME

Other income relates to penal interest of 3% charged on contributions receivable that are passed due in accordance with the requirements of the Pensions Act (Act 766).

Penal interest income accrued during the year has not been recognised in the financial statements as its not probable that the cash flow is receivable to the Scheme.

The table below shows the breakdown of other income;

2020				
Month	Date received	Days overdue as at Dec 2020	Contribution due  GH¢'000	Penal Interest  GH¢'000
October 2019	1/2/2020	1	29,437	29
November 2019	2/3/2020	33	28,215	931
December 2019	2/11/2020	28	28,195	789
January 2020	3/5/2020	20	31,531	631
February 2020	5/11/2020	58	31,574	1,831
March 2020	6/9/2020	56	31,829	1,782
April 2020	7/3/2020	50	31,558	1,578
May 2020	7/13/2020	29	37,461	1,086
June 2020	10/12/2020	90	33,089	2,978
July 2020	10/20/2020	67	33,086	2,217
August 2020	1/12/2021	108	32,598	3,521
September 2020	2/15/2021	78	33,175	2,588
October 2020	2/22/2021	47	32,720	1,538
November 2020	2/26/2021	17	44,363	754
<b>Total</b>				<b>22,253</b>
2019				
Month	Date received	Days overdue as at Dec 2020	Contribution due  GH¢'000	Penal Interest  GH¢'000
January 2019	2/28/2019	14	27,027	378
February 2019	4/11/2019	28	27,284	764
March 2019	5/8/2019	24	27,162	652
April 2019	5/29/2019	15	27,575	414
May 2019	7/10/2019	26	28,810	749
June 2019	8/6/2019	23	28,476	655
July 2019	9/10/2019	27	29,029	784
August 2019	10/8/2019	27	27,977	671
September 2019	11/12/2019	24	28,786	835
October 2019	1/2/2020	29	29,437	1,384
November 2019	2/3/2020	47	28,215	480
<b>Total</b>				<b>7,766</b>



# GES Occupational Pension Scheme Annual Report and Financial Statements For the year ended December 31, 2020

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT'D)

### 16 ADMINISTRATIVE EXPENSES

	2020 GH¢'000	2019 GH¢'000
<i>Asset based fees</i>		
NPRA fees	12,936	9,383
Fund manager fees	12,150	8,115
Fund custodian fees	6,756	4,851
Fund administrator fees	16,193	11,625
Independent trustee fees	4,328	3,030
Board of trustees fees	29,618	21,382
Audit fees	118	118
	<b>82,099</b>	<b>58,504</b>

### 17 NET ASSETS AVAILABLE FOR BENEFITS

	2020			2019		
	Contribution GH¢'000	Net investment income (cumulative) GH¢'000	Total GH¢'000	Contribution GH¢'000	Net investment income (cumulative) GH¢'000	Total GH¢'000
Balance at 1 January	2,997,529	555,534	3,553,063	755,313	106,428	861,741
Additions	405,958	629,109	1,035,067	2,242,216	449,106	2,691,322
Deductions	(65,139)	-	(65,139)	-	-	-
<b>Balance at 31 December</b>	<b>3,338,348</b>	<b>1,184,643</b>	<b>4,522,991</b>	<b>2,997,529</b>	<b>555,534</b>	<b>3,553,063</b>

Additions are made up of contributions and transfers in the year whereas deductions are made up of benefits expense in relation to Scheme members and SSNIT.

### 18 RELATED PARTY TRANSACTIONS

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

The Scheme is an occupational pensions scheme operated solely for the employees of Ghana Education Service. A mandatory 5% of basic salary for employees of GES are contributed to the Scheme on a monthly basis.

#### i) *Transactions with Ghana Education Service*

During the year, total contributions and contribution receivable from the employer to the Scheme towards members' retirement amounted to GH¢406 million (2019: GH¢338 million) and GH¢176 million (2019: GH¢86 million) respectively.

Transactions with and balance due from the employer is disclosed under Note 5 of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT'D)

**18 RELATED PARTY TRANSACTIONS (CONT'D)**

*i) Transactions with Scheme members*

During the year, benefit expense for Scheme members amounted to GH¢ 46 million (2019: Nil). As at 31 December 2020, GH¢ 0.9 million of the benefit expense for the year was yet to be paid (2019: Nil).

Transactions with and balance due to Scheme members have been disclosed under Note 10 of these financial statements.

*ii) Transactions with Board of Trustees*

Transactions with and balance due to Board of Trustees have been disclosed in Note 16 and 9 respectively. The amount payable will be settled in cash within 3 months after the reporting date.

**19 CAPITAL RISK MANAGEMENT**

The capital of the Scheme is represented by the net assets available for benefits as disclosed under Note 16. The amount of net assets available for benefits can change significantly on a monthly basis, as the benefit is subject to monthly contributions from existing and new members; and withdrawals by members who qualify under National Pensions Act, 2008 (Act 766), the National Pension (Amendment) Act, 2014 (Act 883) and the Occupational and Personal (General) Regulations, 2011 (L.I.1990). The Scheme's objective when managing capital is to safeguard the net assets available for benefits in order to maximise their returns and maintain a strong capital base to support the development of the investment activities of the Scheme.

In order to maintain or adjust the capital structure, the Scheme's policy is to monitor the level of monthly contributions and redemptions relative to the assets it expects to be able to liquidate. The Trustees monitor capital on the basis of the value of net assets attributable to members.

**20 FINANCIAL RISK MANAGEMENT**

*Overview*

The outbreak of COVID 19 and the necessary containment measures, which include travel bans, quarantines and social distancing protocols, have resulted in disruption to business and economic activity globally. At the date of authorisation of the financial statements, the Scheme is operating as normal. The ultimate severity of the COVID 19 outbreak on the Scheme's operations was minimal while there was no impact on the Scheme. The Scheme did not alter its financial risk management framework.

The Scheme has exposure to the following risk arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

**i Risk management framework**

The Board of Trustees has overall responsibility for the establishment and oversight of the Scheme's risk management framework.

The Scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance, but the Scheme does not hedge any risks.

Risk management is carried out by the fund manager under policies and guidelines approved by the Trustees. The Trustees, through the standards and procedures aims to develop a disciplined and constructive control environment, in which all Trustees understand their roles and obligations.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT'D)**

**21 FINANCIAL RISK MANAGEMENT (CONT'D)**

**i Risk management framework (cont'd)**

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

**ii Credit risk**

Credit risk' is the risk that a counter-party to a financial instrument will fail to discharge an obligation, and cause the Scheme to incur a financial loss. The Board of Trustees monitor financial asset balances on an ongoing basis with the result that the Scheme's exposure to impairment is not significant.

The Scheme's assets are only invested through fund managers who are registered and domiciled in Ghana. The Scheme's investment mandate stipulates that the fund manager should monitor the risks associated with the Scheme's investments on a regular basis.

The Board of Trustees meet at quarterly intervals to discuss the investment policy of the Scheme and to monitor the asset allocation and performance of the fund managers. At these meetings the current investment performance as well as the future economic climate is discussed.

The Scheme's policy over credit risk, is to minimise its exposure to counterparties with perceived higher risk of default by dealing with counterparties that meet the credit standards set out by the Scheme or the Regulator and by taking collateral in some instances. The approved statement of investment policy serves as the guide as the guide for all investment activities of the Scheme.

*Exposure to credit risks*

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2020	2019
	GH¢'000	GH¢'000
Investment at amortised cost	4,307,401	3,406,259
Contribution receivable	175,831	85,847
Matured investment receivable	11,649	14,201
Bank balance	8,443	6,349
	<b>4,503,324</b>	<b>3,512,656</b>

No collaterals were held for any of the above assets except for fixed deposits with some banks. The collateral held as at 31 December 2020 was GH¢ 17.5 million (2019: Nil). There was no repossessed collateral at the end of the year (2019: Nil)

With the exception of matured investment receivable none of the Scheme's financial assets are neither past due nor impaired at 31 December 2020 and 31 December 2019.

2020				
	Stage 1	Stage 2	Stage 3	Total
	GH¢	GH¢	GH¢	GH¢
Investment at amortised cost	4,307,401	-	-	4,307,401
Contribution receivable	143,233	32,598	-	175,831
Matured investment receivable	-	-	26,737	26,737
Bank balance	8,443	-	-	8,443
Gross carrying amount	<b>4,459,077</b>	<b>32,598</b>	<b>26,737</b>	<b>4,518,412</b>
Impairment	-	-	(15,088)	(15,088)
Net carrying amount	<b>4,459,077</b>	<b>32,598</b>	<b>11,649</b>	<b>4,503,324</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT'D)

20 FINANCIAL RISK MANAGEMENT (CONT'D)

ii Credit risk (cont'd)

2019				
	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Investment at amortised cost	3,406,259	-	-	3,406,259
Contribution receivable	85,847	-	-	85,847
Matured investment receivable	-	-	26,737	26,737
Bank balance	6,349	-	-	6,349
Gross carrying amount	3,498,455	-	26,737	3,525,192
Impairment	-	-	(12,536)	(12,536)
Net carrying amount	3,498,455	-	14,201	3,512,656

*Movement in impairment balance*

Reconciliation of impairment is set out below;

**Matured investments - Stage 3**

	2020 GH¢'000
At 1 January	12,536
Charge for the year	2,552
Write-off	
<b>At 31 December</b>	<b>15,088</b>

2019 - Stage 3				
	Matured investments receivable	Investments at amortised cost	Other receivables	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
At 1 January	554	1,412	6,668	8,634
Charge for the year	11,982	(1,412)	-	10,570
IFRS 9 transition adjustment	-	-	(6,668)	(6,668)
<b>At 31 December</b>	<b>12,536</b>	<b>-</b>	<b>-</b>	<b>12,536</b>

The amounts written-off are not subject to enforcement activity.

*Concentration of risk*

Concentration of investments at amortised cost, mutual funds and equity securities have been disclosed under Notes 6,7, and 8 respectively.

# GES Occupational Pension Scheme Annual Report and Financial Statements For the year ended December 31, 2020

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT'D)

### 20 FINANCIAL RISK MANAGEMENT (CONT'D)

#### iii Liquidity risk

Liquidity risk' is the risk that the Scheme will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Scheme's policy and approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, including estimated redemptions of shares and other investments without incurring unacceptable losses or risking damage to the Scheme's reputation.

The Scheme's investments in listed securities are considered to be readily realisable because they are traded on Ghana Stock Exchange.

#### *Exposure to Liquidity risk*

The following are the remaining contractual maturities of financial assets and liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments.

2020	Contractual inflows / (outflows)					Total
	Carrying amount	0 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Investment at amortised cost	4,307,401	665,291	637,643	4,237,266	3,744,935	9,285,135
Contribution receivable	175,831	175,831	-	-	-	175,831
Matured investment receivable	11,649	11,649	-	-	-	11,649
Bank balance	8,443	8,443	-	-	-	8,443
<b>Total assets</b>	<b>4,503,324</b>	<b>861,214</b>	<b>637,643</b>	<b>4,237,266</b>	<b>3,744,935</b>	<b>9,481,058</b>
Other payables	(8,964)	(8,964)	-	-	-	(8,964)
Benefits payable - To Scheme members	(886)	(886)	-	-	-	(886)
Benefits payable - To SSNIT	(18,960)	(18,960)	-	-	-	(18,960)
<b>Total liabilities</b>	<b>(28,810)</b>	<b>(28,810)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28,810)</b>
<b>Net liquidity</b>	<b>4,474,514</b>	<b>832,404</b>	<b>637,643</b>	<b>4,237,266</b>	<b>3,744,935</b>	<b>9,452,248</b>

2019	Contractual inflows / (outflows)					Total
	Carrying amount	0 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Investment at amortised cost	3,406,259	373,902	396,018	3,655,226	2,796,452	7,221,598
Contribution receivable	85,847	85,847	-	-	-	85,847
Matured investment receivable	14,201	14,201	-	-	-	14,201
Bank balance	6,349	6,349	-	-	-	6,349
<b>Total assets</b>	<b>3,512,656</b>	<b>480,299</b>	<b>396,018</b>	<b>3,655,226</b>	<b>2,796,452</b>	<b>7,327,995</b>
Other payables	(7,801)	(7,801)	-	-	-	(7,801)
<b>Net liquidity</b>	<b>3,504,855</b>	<b>472,498</b>	<b>396,018</b>	<b>3,655,226</b>	<b>2,796,452</b>	<b>7,320,194</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT'D)

20 FINANCIAL RISK MANAGEMENT (CONT'D)

iv **Market risk**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices or market interest rates.

The Scheme has investments in various investment portfolios thereby reducing the market risk. Fund managers are also appointed to monitor the Scheme's investments and to provide expert advice to the Board of Trustees. Investment in equities and mutual funds are valued at fair value and therefore susceptible to market fluctuations.

Investment measured at amortised cost also expose the Scheme to interest rate risk. Investments are managed with the aim of maximising the Scheme's returns while limiting risk to acceptable levels within the framework of statutory requirements.

*Interest rate risk*

Interest rate risk comprises interest price risk that results from investing at fixed rates and the interest cash flow risk that results from investing at variable rates. The Board of Trustees are responsible for setting the overall duration and interest management targets. The Scheme's objective is to manage its interest rate exposure through careful investment profiling and use of heterogeneous investing sources.

As at the reporting date, the interest rate risk profile of the Scheme's interest bearing financial instruments was:

	2020	2019
	GH¢'000	GH¢'000
<b>Fixed-rate instruments</b>		
Investment at amortised cost	4,278,251	3,392,141
	4,278,251	3,392,141
<b>Variable-rate instruments</b>		
Investment at amortised cost	29,150	14,118
	<b>4,307,401</b>	<b>3,406,259</b>

The Scheme does not account for any fixed-rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the reporting date does not affect profit or loss.

A change of 1% in interest rates would have increased or decreased equity by GH¢43 million (2019: GH¢34 million).

*Other market price risk*

The Scheme is exposed to equity price risk, which arises from equity securities measured at fair value through other comprehensive income held for dividend and capital gains and mutual funds measured at fair value through profit or loss held for capital gains.

The Board of Trustees monitors the proportion of equity securities and mutual funds in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the board of trustees.

The primary goal of the Scheme's investment strategy is to maximize investment returns to improve its returns in general.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT'D)

20 FINANCIAL RISK MANAGEMENT (CONT'D)

iv Market risk (Cont'd)

As at the reporting date, the other market price risk profile of the Scheme's investment was:

	2020	2019
	GH¢'000	GH¢'000
Equity securities	16,457	16,888
Mutual fund	32,020	31,320
<b>Total</b>	<b>48,477</b>	<b>48,208</b>

*Sensitivity Analysis – Price risk*

A 5% increase or decrease at reporting date in the prices of equity and mutual funds would have the following impacts.

	Increase	Decrease	Increase	Decrease
	2020	2019	2019	2020
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Profit or Loss / Equity	2,424	(2,424)	2,410	(2,410)

*Solvency risk*

Solvency risk is the risk that the investment returns on assets will not be sufficient to meet the Scheme's contractual obligations to members. Continuous monitoring by the board takes place to ensure that appropriate assets are held where the Scheme's obligation to members are dependent upon the performance of specific portfolios and that a suitable match of assets exists for all other liabilities.

*Legal risk*

Legal risk is the risk that the Scheme will be exposed to contractual obligations which have not been provided for. Legal representatives of the Scheme monitor the drafting of contracts to ensure that rights and obligations of all parties are clearly set out.

21 ACCOUNT CLASSIFICATIONS AND FAIR VALUES

a) Account classifications

The following table shows the carrying amount and fair values of financial instruments including their levels in the fair value hierarchy. It does not include fair value information for financial instruments not measured at fair value if the carrying amount is an approximation of fair value.

2020	Amortised Cost	FVTPL	Level 1	Level 2
<b>Financial assets measured at fair value</b>				
Mutual fund	-	32,020	-	32,020
Equity securities	-	16,457	16,457	-
<b>Total</b>	<b>-</b>	<b>48,477</b>	<b>16,457</b>	<b>32,020</b>
<b>Financial assets not measured at fair value</b>				
Investment at amortised cost	4,307,401	-	-	4,135,652
Contribution receivable	175,831	-	-	-
Matured investment receivable	11,649	-	-	-
Bank balance	8,443	-	-	-
<b>Total</b>	<b>4,503,324</b>	<b>-</b>	<b>-</b>	<b>4,135,652</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT'D)

21 ACCOUNT CLASSIFICATIONS AND FAIR VALUES (CONT'D)

a) Account classifications (cont'd)

2020	Amortised Cost	FVTPL	Level 1	Level 2
<b>Financial liabilities not measured at fair value</b>				
Other payables	8,964	-	-	-
Benefits payable - Scheme members	886	-	-	-
Benefits payable - Refunds to SSNIT	18,960	-	-	-
<b>Total</b>	<b>28,810</b>	-	-	-

2019	Amortised Cost	FVTPL	Level 1	Level 2
<b>Financial assets measured at fair value</b>				
Mutual fund	-	31,320	-	31,320
Equity securities	-	16,888	16,888	-
<b>Total</b>	-	<b>48,208</b>	<b>16,888</b>	<b>31,320</b>

<b>Financial assets not measured at fair value</b>				
Investment at amortised cost	3,406,259	-	-	3,231,614
Contribution receivable	85,847	-	-	-
Matured investment receivable	14,201	-	-	-
Bank balance	6,349	-	-	-
<b>Total</b>	<b>3,512,656</b>	<b>48,208</b>	<b>16,888</b>	<b>3,231,614</b>

<b>Financial liabilities not measured at fair value</b>				
Other payables	7,801	-	-	-
<b>Total</b>	<b>7,801</b>	-	-	-

b) Fair value measurement

A number of the Scheme's accounting policies and disclosures require the measurement of fair values, for financial assets.

The Scheme has an established control framework with respect to the measurement of fair values. The fund managers of the Scheme have the overall responsibility for overseeing all significant fair value measurements and reports directly to the Board of Trustees.

The fund managers regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the fund managers assess the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset, the Scheme uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT'D)

**21 ACCOUNT CLASSIFICATIONS AND FAIR VALUES (CONT'D)**

**b) Fair value measurement (cont'd)**

— Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

*Valuation techniques*

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates.

*Listed equities*

Listed equity securities for which quoted prices in an active market for an identical instrument are available are valued using those prices (Level 1 measurement).

*Mutual funds*

The fair value of investments in the unlisted mutual funds is determined either using unadjusted net asset value (Level 2 measurement) or by applying a discount to the net asset value (Level 3 measurement). The unadjusted net asset value is used when the units in a fund are redeemable at the reportable net asset value at, or approximately at, the measurement date. If this is not the case, then net asset value is used as a valuation input and an adjustment is applied for lack of marketability and restrictions on redemptions. This adjustment is based on management judgement after considering the period of restrictions and the nature of the underlying investments.

*Investments at amortised cost*

The fair value of investment at amortised cost is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is determined using quoted market prices for securities with similar maturity and yield characteristics.

**TAX**

Under Section 89 (1) of the National Pensions Act, 2008 (Act 766), the Scheme is exempt from income tax.

**OFF BALANCE SHEET TRANSACTIONS**

As at the date of reporting, there were no off balance sheet transactions.

**COMMITMENTS AND CONTINGENCIES**

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

**SUBSEQUENT EVENTS**

The Trustees are of the opinion that there are no post balance sheet events which could have had material effect on the statement of financial position of the Scheme at 31 December 2020 and on the profit for the year ended on that date which have not been adequately provided for or disclosed.



# CONTACT US


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