



**GHANA EDUCATION SERVICE OCCUPATIONAL
PENSION SCHEME**

**ANNUAL
REPORT**

2023



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PARTICULARS OF SERVICE PROVIDERS/ADVISORS

Chairman of the Board of Trustees	Nathaniel Otoo Mariville Estates, Spintex Road P.O. Box CT 5159 Cantonments Accra +233 (0) 50 692 9009 notoo@gespensions.com.gh
Secretary to the Board of Trustees	Okyeame Sarfo P. O. Box CT 6252 Cantonments Accra +233 (0) 50 692 9009 osarfo@gespensions.com.gh
Sponsor of the Scheme	Ghana Education Service The Public Relations Unit, Ministry of Education K Block Ground Floor, Ministries Accra +233 (0) 302 683 627 pro@moe.gov.gh
Custodian	Prudential Bank Limited 8 John Harmond Street Ring Road Central Accra +233 (0) 302 781 197 customercare@prudentialbank.com.gh
Fund Managers	Databank Asset Management Services Limited 61 Barnes Avenue, Adabraka PMB MPO Accra +233 (0) 302 610 610 (Ext 1818-20) pensions@ databankgroup.com
	IC Asset Managers Limited 2nd Johnson Sirleaf Road Accra +233 (0) 302 765 086 info@icassetmanagers.com
	Investcorp Asset Management Limited No. 15 Wawa drive, North Dzorwulu Accra +233 (0) 302 509 045 info@investcorpgh.com
Administrator	GLICO Pensions Trustee Limited Glico House # 47 Kwame Nkrumah Avenue P. O. Box GP 4251 Accra +233 (0) 302 246 140, 264142 Info@glicopensions.com

PARTICULARS OF SERVICE PROVIDERS/ADVISORS (CONTINUED)

Independent Auditor

PricewaterhouseCoopers
Chartered Accountants
PwC Tower
A4 Rangoon Lane
Cantonments City
PMB CT 42, Cantonments
Accra
+233 (0) 302 761 500

Independent Trustee

Petra Trust Company Limited
113 Airport West, Dzorwulu
Accra
+233 (0) 242 435 037
info@petratrust.com

BOARD CHAIRMAN'S REMARKS

In the year ended 2023, the Ghana Education Service Occupational Pension Scheme (GESOPS) made significant progress towards realizing the objectives set in its three-year strategic plan. The year marked a period of profound transformation, highlighted by notable achievements and resilient financial performance amidst a challenging economic environment. Our steadfast commitment to innovation, sustainability, and enhancement of customer experience accounted for this success.

Membership Engagement and Services

During the year under review, we successfully completed the full cycle of our nationwide member engagement initiative, which we started in 2022, and through which we systematically had face-to-face interactions with, and feedback from the Scheme's members in all but seven (7) districts across the country. Following the successful completion of the first round of engagements, the second cycle of regional member engagement exercises has been initiated, covering districts in Upper West, Western North, Oti, Volta, Northern, Savannah, Northeast and Upper East regions.

In 2023, the Board of Trustees concentrated on addressing one of the most pressing and persistent challenges in the pensions industry, namely member data adequacy and accuracy. The Scheme institutionalized a data collation exercise after a successful pilot exercise. The exercise saw a collaboration with the Ghana Education Service (GES) which nominated staff of the GES for designation as the Scheme's data collection and member capacity building representatives in each district of the country. The representatives were equipped with the necessary tools to collect data on members within their respective districts. They educated and trained members on issues regarding their Tier-2 pensions.

The pilot phase covered seven (7) regions - Greater Accra, Ashanti, Central, Volta, Bono, Northern, and Upper West. Throughout this phase, the agents collected data for a total of 20,805 members, capturing member biodata, contact details and beneficiary information. The success of the pilot exercise spurred a scale-up data collection exercise nationwide to address issues related to incorrect or missing member data and update existing information. We anticipate that this nationwide data collation exercise will yield the expected results in resolving the member data integrity and adequacy issues in the coming years.

Another notable highlight of 2023 was the inaugural Stakeholder Conference held on 3rd November 2023 in Ejisu, where the Board of Trustees and nominated scheme members convened to discuss the Scheme's progress and challenges, as well as a presentation of the Scheme's audited financial statements for 2022. Stakeholders, including unions and service providers, were fully represented, with a total of 605 participants attending the event, both in person and online.

On the sidelines of the conference, participating members were provided with access to the Scheme's self-service platform and USSD account, established in 2022 to assist members check their statements among others. By the end of 2023, the self-service and USSD tool had experienced a 22% overall increase in registered members from 107,236 to 131,595.

Investment of Scheme Assets

In 2023, the investment landscape in the country continued to experience constraints due to the Domestic Debt Exchange Program (DDEP) initiated by the government in the fourth quarter of 2022. The challenge was mainly by way of reduction in confidence in Government of Ghana (GOG) and quasi-government securities, which in turn affected other securities that had such underlying assets. As part of a strategy to mitigate the impact of the DDEP on pension funds, Government exchanged GOG securities held by pension funds for four (4) new government bonds. This exchange program collectively increased the face value of the Scheme's holdings by 15%, with an additional average interest rate of about 18% per annum, maturing

in 2027 and 2028, respectively, which increased the Scheme's exposure to GOG securities from 73% in 2022 to 85% in 2023.

The Scheme's Assets Under Management saw a significant increase from GHS6.71billion in December 2022 to GHS8.84billion at the end of 2023, representing a nominal increase of approximately 31.81%. Considering an inflation rate of 23.2% and the Scheme annualized return of 38.35%, the Scheme achieved a real return of about 15.15%, effectively preserving the purchasing power of member funds. Compared to the end-of-year return on the Ghana Stock Exchange Composite Index (GSE-CI) and the average 91-day Government of Ghana Treasury bill return, the Scheme outperformed them by 10.27% and 8.86%, respectively.

Contributions

The Scheme received a total of GHS571million in member contributions in the year 2023, covering thirteen months from March 2022 to March 2023. As of the end of 2023, contributions for eight months, totalling GHS582million (including default penal charges of GHS81.5million), remained outstanding. The Board is actively working with the National Pensions Regulatory Authority (NPRA) and other stakeholders for the release of these outstanding contributions.

Benefit Payment

As regards payment of benefits, the Scheme remains steadfast in its commitment to its members to promptly and accurately pay benefits to its members and their beneficiaries. In 2023, the Scheme processed and paid out benefits to 6,455 members and their beneficiaries. These redemptions amounted to GHS197million, underscoring the Scheme's operational efficiency in ensuring that members receive their entitled benefits without delay within an average of 15 working days.

Our Continued Commitment

The Board of the Scheme is committed to driving operational growth by developing its staff, technology, and processes. The Board's goal is to ensure fulfilment of its promise to prudently invest funds, pay benefits to Scheme members and their beneficiaries, engage with stakeholders, and continuously enhance member satisfaction.

REPORT OF THE TRUSTEES

The Trustees submit the Scheme's report together with the audited financial statements for the year ended 31 December 2023.

Establishment, nature and 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.

The 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 1 September 2016. The Scheme Trust Deed and Governing rules both of which are subject to Act 766, form the basis of establishing the Scheme.

Scheme membership statistics

	Members
At 1 January 2023	428,979
Joiners	35,258
Withdrawals	<u>(6,738)</u>
At 31 December 2023	<u>457,499</u>

Summary statistics of withdrawals

Description	
Retirement (Statutory)	6,043
Death	<u>695</u>
	<u>6,738</u>

Deferred contributors are those who have left the Scheme but are yet to have their benefits transferred to another scheme. There are no deferred contributors as at 31 December 2023.

Investment report

Statement of Investment Principles

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

REPORT OF THE TRUSTEES (continued)

Investment report (continued)

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 investment.

The general principles governing investment decisions are contained in the Scheme's Statement of Investment Policy.

The objective of the Trustees in the management of the Scheme's assets is to ensure that contributions from members are invested in such a manner that the benefits due to members and their beneficiaries can be paid from the Scheme's assets as and when they fall due.

Investment allocation

The table below shows the Scheme's asset mix as set out in the Statement of Investment Policy and the actual asset mix at 31 December 2023.

	Maximum	Actual	Investment income 2023	Gross Amount 2023
Asset type	%	%	GHC ' 000	GHC ' 000
Government securities	75	84.53	2,407,177	7,203,568
Local government securities	25	0.00	122,504	255
Money market securities	35	12.82	115,505	1,092,218
Corporate debt securities	35	0.52	93,661	44,284
Equity investments	20	1.95	12,700	166,443
Collective investments	15	0.18	-	14,962
Total		100.00	2,751,547	8,521,730

Investment strategies

The choice of investment instruments reflects our assessment of the economy and expected performance of the different asset classes.

Net assets available for benefits

Net assets available for benefit of members as at 31 December 2023 is GHC8,842,462,000. The movement in the Scheme's net asset is set out on page 20 of the financial statements.

Expenses

All expenses incurred by the Scheme during the year ended 31 December 2023 have been recognised in the financial statements. We confirm that expenses charged and deducted from the Scheme funds are those allowable under the National Pensions Act, 2008 (Act 766) and any amendments made to it, guidelines on fees and charges and any other directives issued by the National Pensions Regulatory Authority from time to time. Details of fees payable to all service providers are disclosed in the financial statements under note 14.

REPORT OF THE TRUSTEES (continued) Expenses (continued)

Type	Maximum Rate	Actual Rate	2023	2022
			Amount	Amount
			GHC'000	GHC'000
National Pensions Regulatory Authority fees	0.33%	0.33%	26,303	20,211
Trustee (Board of Trustees, Administrator and Independent Trustee) fees	1.33%	0.97%	86,400	70,718
Custodian fees	0.28%	0.10%	10,430	9,186
Fund Managers' fees	0.56%	0.17%	20,905	17,165
Audit fees	Not applicable	Not applicable	<u>170</u>	<u>120</u>
Total			<u>144,208</u>	<u>117,400</u>

The Board of Trustees



Nathaniel Otoo
Chairman

License number:
NPRA 17041

Date of appointment:
January 2018

Date of exit:
Not applicable



**Anna Pearl Akiwumi
Siriboe**

Member

License number:
NPRA 16055

Date of appointment:
February 2016

Date of exit:
Not applicable



**Dr. Christian Addai-
Poku**

Member

License number:
NPRA 16062

Date of appointment:
February 2016

Date of exit:
Not applicable



Thomas Tanko Musah
Member

License number:
NPRA 21033

Date of appointment:
August 2021

Date of exit:
Not applicable



Eric Kofi Agbe-Carbonu
Member

License number:
NPRA 19054

Date of appointment:
April 2019

Date of exit:
Not applicable



King Ali Awudu
Member

License number:
NPRA 16060

Date of appointment:
February 2016

Date of exit:
Not applicable



Mark Dankyira Korankye
Member

License number:
NPRA 21037

Date of appointment:
May 2021

Date of exit:
Not applicable



Elvis Prince Biney
Member

License number:
NPRA 21032

Date of appointment:
October 2021

Date of exit:
Not applicable



Isaac Baah
Member

License number:
NPRA 21034

Date of appointment:
August 2021

Date of exit:
Not applicable

The Board of Trustees, cont'd



Sampson Akligoh
Member

License number:
NPRA 17042

Date of appointment:
January 2018

Date of exit:
Not applicable




Herbert Forson Ako
Member

License number:
NPRA 21027

Date of appointment:
May 2021

Date of exit:
Not applicable




Richmond Sakyi
Member

License number:
NPRA 22015

Date of appointment:
July 2022

Date of exit:
Not applicable




Daniel Dweteh-Agyare
Member

License number:
NPRA 23030

Date of appointment:
March 2023

Date of exit:
Not applicable



Dr. Eric Nkansah
Member

License number:
NPRA 23029

Date of appointment:
March 2023

Date of exit:
Not applicable



Independent Trustee

License number:
NPRA 12001

Date of appointment:
July 2016

Date of exit:
Not applicable



Prof. Kwasi Opoku-Amankwa
Member

License number:
NPRA 22016

Date of appointment:
September 2022

Date of exit:
March 2023

REPORT OF THE TRUSTEES (continued) Auditor

The Scheme's auditor, PricewaterhouseCoopers, have expressed their willingness to continue in office as auditor of the Scheme.

On behalf of the board of trustees

Name of Trustee: Nathaniel Otoo

Signature:

For Independent Trustee: Kofi Fynn

Signature:

29th May 2024



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STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Occupational and Personal Pension Schemes (General) Regulations, 2011 requires the Trustees to prepare financial statements in a prescribed form for each financial year. It also requires the Trustees to ensure that the Scheme keeps proper accounting records of its income, expenditure, liabilities and assets, and that the contributions are remitted to the custodian in accordance with the rules of the Scheme.

The Trustees accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards with the IAS 29 directive issued by the Institute of Chartered Accountants Ghana (ICAG) and in the manner required by the Occupational and Personal Pension Schemes (General) Regulations, 2011. The Trustees further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

The Trustees certify that to the best of their knowledge and belief that the information furnished to the auditor for the purposes of the audit was correct and complete in every respect.

For the Trustees:

Nathaniel Otoo
Chairman of the Board of Trustees

Kofi Fynn
For: Petra Trust Company Limited, Independent Trustee

29th May 2024



GESOPS@gesopsghana 3d
We are social #gespension #education
#gesopsissocial



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↻ 15.8k

♥ 60.4k

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GHANA EDUCATION SERVICE OCCUPATIONAL
PENSION SCHEME (continued)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Ghana Education Service Occupational Pension Scheme (the "Scheme") as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards with the IAS 29 directive issued by the Institute of Chartered Accountants Ghana (ICAG) and in the manner required by the Occupational and Personal Pension Schemes (General) Regulations, 2011.

What we have audited

We have audited the financial statements of Ghana Education Service Occupational Pension Scheme for the year ended 31 December 2023.

The financial statements comprise:

- the statement of net assets available for benefits as at 31 December 2023;
- the statement of changes in net assets available for benefits for the year then ended;
- the statement of movement in net assets available for benefits;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising a summary of material accounting policy information and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Scheme in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the Code.

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 Scheme's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITOR’S REPORT
TO THE MEMBERS OF GHANA EDUCATION SERVICE OCCUPATIONAL
PENSION SCHEME (continued)**

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter													
<p>Impairment allowance and modification loss on investment in debt securities</p> <p>The gross balance of investment securities and associated impairment allowance and modification loss as at 31 December 2023 was as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Financial statement line item</th> <th style="text-align: right;">Gross amount</th> <th style="text-align: right;">Impairment</th> </tr> <tr> <td></td> <th style="text-align: right;">GH¢’000</th> <th style="text-align: right;">GH¢’000</th> </tr> </thead> <tbody> <tr> <td>Investment securities</td> <td style="text-align: right;">8,115,216</td> <td style="text-align: right;">122,663</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Financial statement line item</th> <th style="text-align: right;">GH¢’000</th> </tr> </thead> <tbody> <tr> <td>Modification loss</td> <td style="text-align: right;">899,043</td> </tr> </tbody> </table> <p>Impairment allowance is determined on an expected credit loss (ECL) basis under IFRS 9 –Financial Instruments.</p> <p>The ECL for investment securities is material to the financial statements in terms of magnitude and level of subjective judgement applied by management.</p> <p>The government of Ghana announced a voluntary Domestic Debt Exchange Programme (DDEP) which sought to exchange existing eligible domestic notes and bonds. Management segmented the investment securities into a portfolio of instruments eligible for (DDEP) and those instruments that are not eligible for the Programme. Certain out of model adjustments were calculated and assessed based on management’s judgement.</p> <p>The key areas of significant management judgement within the ECL calculation include:</p> <ul style="list-style-type: none"> - Determination of Significant Increase in Credit Risk; - Application of out-of-model adjustments into the ECL measurements; - Incorporation of macro-economic inputs and forward-looking information into the ECL model; and; - Assessment of the input assumptions applied to estimate the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). <p>The determination of fair values of the new instruments on the date of exchange was done using discounted cash flow models which estimated the discount factors for the categories of bonds exchanged in calculating the modification gain or loss on these bonds.</p> <p>The accounting policies, critical estimates and judgements and impairment charge are set out in 2f, 3 and 8 to the financial statements.</p>	Financial statement line item	Gross amount	Impairment		GH¢’000	GH¢’000	Investment securities	8,115,216	122,663	Financial statement line item	GH¢’000	Modification loss	899,043	<p>We obtained an understanding of the DDEP based on the Exchange Memoranda issued by the Government of Ghana.</p> <p>We tested the appropriateness of the staging of the investment securities by independently assessing management’s criteria for significant increase in credit risk against the requirements of the Standard.</p> <p>We assessed the reasonableness of the discount rates (key assumptions) used for determining the present value of cash flows expected from new bonds by:</p> <ul style="list-style-type: none"> • reviewing the methodology adopted in determining the discount rate and • reviewing the accuracy of the computation of the discount rate. <p>For stage 3 eligible domestic notes and bonds we considered the impairment indicators, uncertainties and assumptions made by management in their assessment of the recoverability of the investments.</p> <p>We assessed the assumptions relating to historical default experience, estimated timing and amount of forecasted cashflows applied within the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) for compliance with the requirements of IFRS 9.</p> <p>We assessed the reasonableness of out of model adjustments by evaluating key assumptions and inspecting the methodology.</p> <p>We recomputed the loss allowance in the model based on inputs and other parameters.</p> <p>We assessed the appropriateness of the related disclosures for investment securities in the financial statements in accordance with IFRS 9.</p>
Financial statement line item	Gross amount	Impairment												
	GH¢’000	GH¢’000												
Investment securities	8,115,216	122,663												
Financial statement line item	GH¢’000													
Modification loss	899,043													

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GHANA EDUCATION SERVICE OCCUPATIONAL PENSION SCHEME (continued)

Other information

The Trustees are responsible for the other information. The other information comprises Particulars of service providers/advisors, Report of the Trustees and Statement of Trustees' responsibilities 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 identified above 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 on the other information, 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 with the IAS 29 directive issued by the Institute of Chartered Accountants Ghana (ICAG) and in the manner required by Occupational and Personal Pension Schemes (General) Regulations, 2011, 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 judgement 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;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GHANA EDUCATION SERVICE OCCUPATIONAL PENSION SCHEME (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- 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; and
- 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 have communicated 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

The Occupational and Personal Pension Schemes (General) Regulations, 2011 requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the Scheme, so far as appears from our examination of those books; and
- iii) the Scheme's balance sheet (statement of net assets available for benefits) and profit and loss account (statement of changes in net assets available for benefits) are in agreement with the books of account; and
- iv) with respect to the provisions of Section 35 of the Occupational and Personal Pension Schemes (General) Regulations, 2011, we did not identify any instances of non-compliance based on procedures we performed.

The engagement partner on the audit resulting in this independent auditor's report is Destiny Selorm Attatsitsey (ICAG/P/1619).

Destiny Selorm Attatsitsey

PricewaterhouseCoopers (ICAG/F/2024/028)
Chartered Accountants
Accra, Ghana
30 May 2024



STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(All amounts are in thousands of Ghana cedis)

	Note	Year ended 31 December	
		2023	2022
Dealing with members			
Contributions	4	682,556	468,426
Transfer in	5	23	5,466
Benefits expense	6	(209,664)	(145,027)
Net additions from dealings with members		472,915	328,865
Returns on investments			
Investment income	7	2,751,547	1,137,204
Brokerage fees		(92)	(183)
Net (loss)/gain on investment	9	34,915	(20,902)
Net investment income		2,786,370	1,116,119
Other income	10	42,165	49,059
Administrative expenses	11	(144,208)	(117,400)
Modification loss	8	(899,043)	-
Impairment loss on financial assets	8&13	(47,996)	(382,288)
Increase in net assets for the year		2,210,203	994,355

The notes on pages 19 to 39 are an integral part of these financial statements.

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

(All amounts are in thousands of Ghana cedis)

		At 31 December	
		2023	2022
	Note		
Assets			
Cash and bank balances	12	225,907	215,036
Matured investments receivable	13	11,730	61
Contribution receivable	13	499,763	388,724
Financial assets at amortised cost	8	7,992,553	5,999,608
Financial assets at fair value through profit or loss	8	181,405	78,635
		<u>8,911,358</u>	<u>6,682,064</u>
Liabilities			
Administrative expenses payable	14	14,961	12,265
Benefits payable	15	53,935	37,540
		<u>68,896</u>	<u>49,805</u>
Total assets less liabilities		<u>8,842,462</u>	<u>6,632,259</u>
Represented by:			
Net assets available for benefits		<u>8,842,462</u>	<u>6,632,259</u>

The financial statements on pages 19 to 39 were approved for issue by the Board of Trustees on 29th May 2024 and signed on their behalf by:

Nathaniel Otoo
Chairman of the Board of Trustees

Kofi Fynn
For: Petra Trust Company Limited, Independent Trustee

The notes on pages 22 to 37 are an integral part of these financial statements.



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STATEMENT OF MOVEMENT IN NET ASSETS AVAILABLE FOR BENEFITS

(All amounts are in thousands of Ghana cedis)

	Year ended 31 December	
	2023	2022
Net assets available for benefits		
At start of year	6,632,259	5,637,904
Increase in net assets for the year	<u>2,210,203</u>	<u>994,355</u>
At end of year	<u>8,842,462</u>	<u>6,632,259</u>

The notes on pages 19 to 39 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(All amounts are in thousands of Ghana cedis)

	Note	Year ended 31 December	
		2023	2022
Cash flows from operating activities			
Contributions received		571,517	276,175
Benefits paid		(193,269)	(131,987)
Administrative expenses paid		(141,512)	(115,491)
Net cash generated from operating activities		<u>236,736</u>	<u>28,697</u>
Cash flows from investing activities			
Investment income received		1,768,740	1,121,232
Purchase of financial assets	8	(8,936,787)	(1,990,853)
Redemption of financial assets	8	7,725,501	1,094,427
Net cash generated from investing activities		<u>557,454</u>	<u>224,806</u>
Increase in cash and cash equivalents		<u>794,190</u>	<u>253,503</u>
Cash and cash equivalents at start of year	12	301,433	47,930
Movement in cash and cash equivalents		<u>794,190</u>	<u>253,503</u>
Cash and cash equivalents at end of year	12	<u>1,095,623</u>	<u>301,433</u>

The notes on pages 19 to 39 are an integral part of these financial statements.

NOTES

1. 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 Occupational Pension Scheme. As at the date of reporting, the number of employees of Ghana Education Service Occupational Pension Scheme was 457,499.

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

2. Summary of 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 to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Scheme have been prepared in accordance with International Financial Reporting Standards (IFRS) with the IAS 29 directive issued by the Institute of Chartered Accountants, Ghana (ICAG) and presented in compliance with the National Pensions Act, 2008 (Act 766) as amended, the Occupational and Personal Pension Schemes (General) Regulations, 2011 (L.I. 1990) and relevant guidelines.

The ICAG issued a directive in November 2023 to accountants in business and accountants in practice, together with an update in January 2024 on the application of IAS 29 in Ghana. The ICAG asserts in the directive that based on its analysis of the quantitative and qualitative indicators referred to in IAS 29, Ghana was not a hyperinflationary economy as of December 2023, therefore, IAS 29 will not be applicable for December 2023 financial reporting period. In compliance with the directive, the financial statements of the Company, including the comparative figures, have not been stated in terms of the measuring unit current at the end of the reporting period.

The financial statements summarise the transactions of the Scheme and deal with the net assets available to the members. They do not take account of obligations to pay benefits that fall due after the end of the year.

The financial statements are presented in Ghana Cedis (GHC). The financial statements have been prepared under the historical cost convention, except as modified by the revaluation of financial assets at fair value through profit or loss. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(b) Changes in accounting policies and disclosures

i) New and amended standards adopted by the Scheme

The Scheme has applied the following standards and interpretations for the first time to financial reporting periods commencing on or after 1 January 2023:

- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12
- OECD Pillar Two Rules

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

NOTES (continued)**2. Summary of significant accounting policies (continued)****(b) Changes in accounting policies and disclosures (continued)****ii) New and amended standards not yet adopted by the Scheme**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Scheme. These standards are not expected to have a material impact on the Scheme in the current or future reporting periods and on foreseeable future transactions.

(c) Contributions receivable

Contributions from members are accounted for in the period in which they fall due.

(d) Benefits payable

Benefits payable to seceding members are recognised as liabilities in the period in which they fall due.

(e) Income from investments

Interest income is recognised for all interest-bearing instruments using the effective interest method. Interest income includes coupons earned on fixed income investments and accrued discount and premium on treasury bills and other discounted instruments.

Dividend income for equity investments is recognised when the right to receive payment is established.

(f) Financial assets and liabilities***Initial recognition and measurement***

Financial assets and financial liabilities are recognised when the Scheme becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Scheme commits to purchase or sell the asset.

At initial recognition, the Scheme measures a financial asset or financial liability at its fair value plus or minus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the Scheme recognises the difference as follows:

- (i) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- (ii) In all other cases, the differences are deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Classification and subsequent measurement**Financial assets**

The Scheme applies IFRS 9 and classified its financial assets in the following measurement categories:

- At fair value through profit or loss (FVPL); and
- At amortised cost.

NOTES (continued)**2. Summary of significant accounting policies (continued)****(f) Financial assets and liabilities (continued)***Classification and subsequent measurement (continued)*

Financial assets (continued)

The classification depends on the Scheme's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss.

For investments in equity instruments that are not held for trading, this will depend on whether the Scheme has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Scheme classifies its financial assets at amortised cost only if the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest.

The business model reflects how the Scheme manages the assets in order to generate cash flows. Factors considered by the Scheme in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to the Board of Trustees, how risks are assessed and managed and how the Fund managers are compensated.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Scheme assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test').

Impairment

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Scheme uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Scheme's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Modification of financial assets

If the Scheme negotiates the terms of financial assets which are substantially different, it derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Scheme also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the renegotiated terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Scheme recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

NOTES (continued)**2. Summary of significant accounting policies (continued)****(f) Financial assets and liabilities (continued)**

Financial assets (continued)

Derecognition

The Scheme derecognises a financial asset when the contractual rights to the cash flows from these asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or 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. Any interest in transferred financial assets that is created or retained by the Scheme is recognised as a separate asset or liability.

Financial liabilities

The Scheme's holding in financial liabilities represents mainly benefits payable and administrative expenses payable to members and service providers respectively. Such financial liabilities are initially recognised at fair value and subsequently measured at amortised cost.

Derecognition

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

Offsetting financial instruments

Financial assets and liabilities are set off and the net amount presented in the net assets available for benefits when, and only when, the Scheme has a legal right to set off the amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair value measurement

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined using valuation techniques.

(g) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

(h) Provisions

Provisions are recognised when the Scheme has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where the obligation is expected to be settled over a period of years, the provision is discounted using a discount rate appropriate to the nature of the provision.

(i) Administrative expenses

Administrative expenses are recognised in the statement of changes in net assets available for benefits when incurred.

NOTES (continued)

(All amounts are in thousands of Ghana cedis)

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In particular, estimates are made by the Trustees in determining the impairment charge on financial assets held at amortised cost.

Determining fair values

The determination of fair values for financial assets for which there is no observable market price requires the use of valuation models. The fair value hierarchy of the financial assets of the Scheme is set out in note 18.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of counter parties defaulting and the resulting losses).

The method applied in the determination of impairment charge on the Scheme's financial assets measured at amortised cost is set out under notes 2(f) and 17 of these financial statements.

Hold to collect financial assets

The Scheme classifies some non-derivative assets with fixed or determinable payments and fixed maturity as hold to collect. This classification requires significant judgement. In making this judgement, the Scheme uses the Business model and Solely for Payment and Principal and Interest (SPPI) model to assess that the purpose for holding these assets was to collect the contractual cash flows associated with the assets. If the Scheme were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Scheme is required to reclassify the entire category as hold to collect and sell. Accordingly, the investments would be measured at fair value instead of amortised cost.

4. Contributions

	2023	2022
Members' contribution received for the year	182,793	79,701
Contributions receivable	499,763	388,725
	<u>682,556</u>	<u>468,426</u>

Potential surcharge for late receipt of contribution for the year ended 31 December 2023 was GH¢103,269,874 (2022: GH¢ 70,971,660). None of the surcharged amount for the year was received (2022: nil).

Potential surcharge relates to the 3% penal interest rate payable on contributions not paid within the specified period in accordance with Section 64 (1) of National Pensions Act, 2008 (Act 766) as amended.

Penal interest income accrued during the year has not been recognised in the financial statements as it is not probable that the amount will be received by the Scheme.

NOTES (continued)

(All amounts are in thousands of Ghana cedis)

4. Contribution (continued)

The table below provides the details of the potential surcharge for late receipt of contributions.

Year ended 31 December 2023

Month	Date Due	Date received	Days overdue	Contribution due	Potential surcharge
December 2022	15 January 2023	09 October 2023	267	52,607,795	10,910,350
January 2023	15 February 2023	10 October 2023	236	56,565,406	12,415,440
February 2023	15 March 2023	12 December 2023	208	55,666,356	11,765,604
March 2023	15 April 2023	25 January 2024	241	57,350,557	13,415,592
April 2023	15 May 2023	01 February 2024	230	55,217,526	13,190,628
May 2023	15 June 2023	01 February 2024	199	55,305,556	10,988,288
June 2023	15 July 2023	Not received	169	55,305,556	9,346,639
July 2023	15 August 2023	Not received	138	55,305,556	7,632,167
August 2023	15 September 2023	Not received	107	55,305,556	5,917,694
September 2023	15 October 2023	Not received	77	55,305,556	4,258,528
October 2023	15 November 2023	Not received	46	55,305,556	2,544,056
November 2023	15 December 2023	Not received	16	55,305,556	884,889
					<u>103,269,874</u>

Year ended 31 December 2022

Month	Date Due	Date received	Days overdue	Contribution due	Potential Surcharge
December 2021	15 January 2022	08 July 2022	174	37,252,139	6,481,872
January 2022	15 February 2022	08 August 2022	174	39,689,305	6,905,939
February 2022	15 March 2022	02 September 2022	171	39,686,288	6,786,355
March 2022	15 April 2022	12 January 2023	272	38,820,885	10,559,281
April 2022	15 May 2022	20 January 2023	250	39,129,273	9,782,318
May 2022	15 June 2022	01 February 2023	231	38,846,804	8,973,612
June 2022	15 July 2022	Not received	169	38,846,804	6,565,110
July 2022	15 August 2022	Not received	138	38,846,804	5,360,859
August 2022	15 September 2022	Not received	107	38,846,804	4,156,608
September 2022	15 October 2022	Not received	77	38,846,804	2,991,204
October 2022	15 November 2022	Not received	46	38,846,804	1,786,953
November 2022	15 December 2022	Not received	16	38,846,804	<u>621,549</u>
					<u>70,971,660</u>

5. Transfers in

	2023	2022
Accrued benefit of members received from other Schemes	<u>23</u>	<u>5,466</u>

6. Benefit expense

Benefits to members	193,302	131,574
Benefit to SSNIT	<u>16,362</u>	<u>13,453</u>
	<u>209,664</u>	<u>145,027</u>

NOTES (continued)

(All amounts are in thousands of Ghana cedis)

7. Investment income

Dividend income	12,700	8,104
Interest on:		
Call deposits	33,465	5,566
Money market securities	78,066	17,278
Government of Ghana bonds and notes	2,376,292	841,672
Local Government securities	122,504	142,597
Corporate bonds	93,635	121,987
FX Exchange Gains/Losses	35,020	-
Alternative Investments	(135)	-
	<u>2,751,547</u>	<u>1,137,204</u>

8. Financial assets*Financial assets at fair value through profit or loss (FVPL)*

	2023	2022
Equity investments	166,443	63,351
Collective investment schemes	<u>14,962</u>	<u>15,284</u>
	<u>181,405</u>	<u>78,635</u>

Movement on financial assets at fair value through profit or loss is as follows:

Year ended 31 December 2023

	Collective investment	Equity Investments	Total
At start of year	15,284	63,351	78,635
Additions	-	67,856	67,856
Fair value gain	<u>(322)</u>	<u>35,236</u>	<u>34,914</u>
At end of year	<u>14,962</u>	<u>166,443</u>	<u>181,405</u>

NOTES (continued)

(All amounts are in thousands of Ghana cedis)

8. Financial assets (continued)*Financial assets at fair value through profit or loss (FVPL) (continued)***Year ended 31 December 2022**

	Collective investment	Equity Investments	Total
At start of year	47,331	53,461	100,792
Additions	70,659	21,582	92,241
Disposals	(103,581)	-	(103,581)
Fair value gain	<u>875</u>	<u>(11,692)</u>	<u>(10,817)</u>
At end of year	<u>15,284</u>	<u>63,351</u>	<u>78,635</u>

Equity investments are listed on the Ghana Stock Exchange. The collective investment are investments in unit trusts and mutual funds.

NOTES (continued)

(All amounts are in thousands of Ghana cedis)

Financial assets at amortised cost

Year ended 31 December 2023

	Fixed deposits	Government securities	Corporate debt	Total
<i>Gross financial assets:</i>				
At start of year	-	5,764,131	650,444	6,414,575
Settlement on exchange /additions	846,997	8,878,569	13,081	9,738,647
Exchange bonds /matured securities	-	(7,104,393)	(621,108)	(7,725,501)
Translation gain on investment	-	42,165	-	42,165
Modification loss	-	(899,043)	-	(899,043)
Accrued interest	<u>20,112</u>	<u>522,394</u>	<u>1,867</u>	<u>544,373</u>
At end of year	<u>867,109</u>	<u>7,203,823</u>	<u>44,284</u>	<u>8,115,216</u>
<i>Impairment provision:</i>				
At start of year	-	(375,926)	(39,041)	(414,967)
Derecognition of impairment	-	301,259	39,041	340,300
Charge for the year	-	<u>(45,339)</u>	<u>(2,657)</u>	<u>(47,996)</u>
At end of year	-	<u>(120,006)</u>	<u>(2,657)</u>	<u>(122,663)</u>
Net financial assets	<u>867,109</u>	<u>7,083,817</u>	<u>41,627</u>	<u>7,992,553</u>

8. Financial assets (continued)

Financial assets at amortised cost (continued)

<u>Year ended December 2022</u>	Fixed deposits	Government securities	Corporate debt	Total
<i>Gross financial assets:</i>				
At start of year	203,690	4,588,200	574,030	5,365,920
Settlement on exchange/Addition	365,863	1,529,245	89,901	1,985,009
Exchange bonds/Disposals	-	(134,844)	-	(134,844)
Redeemed upon maturity	(569,553)	(275,454)	(21,080)	(866,087)
Amortisation of premiums	-	(245,210)	(16,730)	(261,940)
Translation gain on investment	-	46,927	-	46,927
Accrued interest	-	<u>255,267</u>	<u>24,323</u>	<u>279,590</u>
At end of year	-	<u>5,764,131</u>	<u>650,444</u>	<u>6,414,575</u>
<i>Impairment provision:</i>				
At start of year	(95)	(3,975)	(14,144)	(18,214)
Release/(charge) for the year	<u>95</u>	<u>(371,951)</u>	<u>(24,897)</u>	<u>(396,753)</u>
At end of year	-	<u>(375,926)</u>	<u>(39,041)</u>	<u>(414,967)</u>
Net financial assets	-	<u>5,388,205</u>	<u>611,403</u>	<u>5,999,608</u>

NOTES (continued)

(All amounts are in thousands of Ghana cedis)

Fixed deposits and treasury bills set out above which mature within 91 days from their purchase dates are GH¢869,716,011 (2022: GH¢86,396,689).

During the year, the Company successfully exchanged GHS 5.9 billion Government of Ghana Cedi bonds for a series of new bonds through the Ghana Domestic Debt Exchange Programme. A modification loss of GHS899 million was recognised as a result of the exchange of bonds.

Purchases and redemption of financial assets for the purpose of the cashflow statements

	2023	2022
Cash purchases of investment securities:		
Purchases of financial assets at amortised cost	9,738,647	1,985,009
Purchases of financial assets at FVPL	67,856	92,241
Transfer to cash and cash equivalent	<u>(869,716)</u>	<u>(86,397)</u>
	8,936,787	1,990,853
Redemption of investment securities:		
Redemption upon maturity of financial assets at amortised cost	912,683	866,087
Disposal of financial assets at amortised cost	6,812,818	134,844
Loss from disposal of financial assets at amortised cost	-	-
Disposal of financial assets at FVPL	-	103,581
Gain from disposal of financial assets at FVPL	<u>-</u>	<u>(10,085)</u>
	7,725,501	1,094,427

NOTES (continued)

(All amounts are in thousands of Ghana cedis)

9. Net gain/(loss) on investment income

	2023	2022
Gain/(loss) from valuation of equity investments	34,982	(11,692)
(Loss)/Gain from valuation of collective investments	(67)	875
Loss from disposal of collective investments	<u>-</u>	<u>(10,085)</u>
	34,915	(20,902)

10. Other income

Recovery of bad debt	-	3,969
Translation gain	42,165	45,090
	42,165	49,059

11. Administrative expenses

Administrator's fees	26,116	22,738
Board of Trustees' fees	52,981	41,857
Independent Trustee	7,303	6,123
Fund managers' fees	20,905	17,165
Custodian's fees	10,430	9,186
Auditor's remuneration	170	120
National Pensions Regulatory Authority fees	26,303	20,211
	144,208	117,400

NOTES (continued)

(All amounts are in thousands of Ghana cedis)

12. Cash and bank balances

Cash at bank	<u>225,907</u>	<u>215,036</u>
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For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2023	2022
Cash at bank	225,907	215,036
Fixed deposits and treasury bills maturing within 91 days of purchase	<u>869,716</u>	<u>86,397</u>
	<u>1,095,623</u>	<u>301,433</u>

13. Matured investments receivable

Matured investment	<u>11,730</u>	<u>61</u>
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Release of impairment on matured investments receivable in 2022 was GH¢ 14,465.

Contributions receivable	2023	2022
For less than 30 days	55,361	38,847
Between 30 and 60 days	55,306	77,694
Between 60 and 90 days	55,306	116,540
More than 90 days	<u>333,790</u>	<u>155,643</u>
	<u>499,763</u>	<u>388,724</u>

The fair value of the accounts receivables is deemed to be approximate the carrying amount due to the short-term nature.

14. Administrative expenses payable

	2023	2022
Due to National Pension Regulatory Authority fees	2,658	1,882
Due to Administrator fees	2,381	2,044
Due to Custodian fees	950	821
Due to Fund Manager fees	1,989	1,953
Due to Board of Trustees fees	4,979	4,083
Due to Independent Trustees fee	655	550
Audit fee and expenses	170	120
Sundry payable	<u>1,179</u>	<u>812</u>
	<u>14,961</u>	<u>12,265</u>

The fair value of the Scheme's other payables is deemed to approximate the carrying amount. All administrative expenses payable are current.

NOTES (continued)

(All amounts are in thousands of Ghana cedis)

15. Benefits payable

	2023	2022
Benefits payable to members	69	35
Refund to SSNIT	<u>53,866</u>	<u>37,505</u>
	<u>53,935</u>	<u>37,540</u>

All benefits payable are due no later than one year.

The Refund to SSNIT represents 4% contributions and its associated returns that were payable to SSNIT in respect of retiring members who were fifty (50) years and above at the inception of the National Pensions Act 2008 (Act 766). These beneficiaries are exempt under Section 60(1) to (2) of Act 766, as amended by Section 2(1) to (4) of the National Pensions Amendment Act, 2014 (Act 883).

16. Net assets available for benefits

The movement in the Scheme's net assets available for benefits is set out below

<u>Year ended 31 December 2023</u>	Cumulative contribution	Net investment income and expenses	Total
At 1 January	4,030,196	2,602,063	6,632,259
Additions	682,556	2,828,650	3,511,206
Deductions	<u>(209,664)</u>	<u>(1,091,339)</u>	<u>(1,301,003)</u>
At 31 December	<u>4,503,088</u>	<u>4,339,374</u>	<u>8,842,462</u>
<u>Year ended 31 December 2022</u>			
At 1 January	3,701,331	1,936,573	5,637,904
Additions	473,892	1,186,263	1,660,155
Deductions	<u>(145,027)</u>	<u>(520,773)</u>	<u>(665,800)</u>
At 31 December	<u>4,030,196</u>	<u>2,602,063</u>	<u>6,632,259</u>

17. Financial risk management objectives and policies

The board of 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.

The Scheme's established risk management procedures, identify and analyse the risk faced by the Scheme, to set appropriate risk limits, controls and to monitor risks and adhere to policy.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Scheme is exposed to market risk arising from interest rate risk and price risk on investments.

NOTES (continued)

(All amounts are in thousands of Ghana cedis)

Interest rate risk

The Scheme's fixed deposit holdings and corporate bonds expose it to cash flow interest rate risk. Investments in fixed rate government bonds and bank deposits expose it to fair value interest rate risk. The Fund managers advise the Trustees on the appropriate mix of the portfolio of fixed rate interest investments. The Scheme has no interest-bearing liabilities.

At 31 December 2023, an increase/decrease in interest rates of 1% with all other variables held constant would have resulted in an increase/decrease in net assets available for benefits of GH¢9,123,106 (2022: GH¢5,324,443) arising substantially from the change in market values of securities.

17. Financial risk management objectives and policies**Market risk (continued)***Price risk (continued)*

The Scheme's exposure to equity securities price risk arises from investments held by the Scheme classified as fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Scheme diversifies the portfolio. Diversification of the portfolio is done in accordance with the limits set by the Scheme rules.

The equity investments are publicly traded on the Ghana Stock Exchange. A 1% change in share price of these investments with all variables held constant will increase/ decrease net asset available for benefits by GH¢1,559,445 (2022: GH¢631,598) arising substantially from the change in market values of securities.

A 1% change in price of investments in collective investment schemes with all variables held constant will increase/decrease net asset available for benefits by GH¢ 254,617 (2022: GH¢154,747) arising substantially from the change in market values of securities.

Credit risk

The Scheme holds treasury bills and bonds issued by the Government of Ghana and fixed deposits issued by financial institutions licensed by the Bank of Ghana.

The Scheme's maximum exposure to credit risk is as follows:

	2023	2022
Cash and bank balances	225,907	215,036
Government securities	7,203,823	5,764,131
Corporate bonds	44,284	650,444
Fixed deposits	867,109	-
Contribution receivable	499,763	388,724
Matured investments receivable	11,730	61
	<u>8,852,616</u>	<u>7,018,396</u>

The Scheme adopts a three-stage approach for impairment assessment based on changes in credit quality from initial recognition.

- Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.

NOTES (continued)

(All amounts are in thousands of Ghana cedis)

- Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
- Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

17. Financial risk management objectives and policies (continued)***Credit risk (continued)***

The Scheme financial instruments exposed to credit risk are as follows:

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Cash and bank balances	225,907	-	-	225,907
Financial assets at amortised cost	982,092	563,534	6,569,590	8,115,216
Contributions receivable	499,763	-	-	499,763
Matured investments receivable	11,730			11,730
Gross carrying amount	1,719,492	563,534	6,569,590	8,852,616
Loss allowance	(2,657)	(13,501)	(106,505)	(122,663)
Carrying amount	1,716,835	550,033	6,463,085	8,729,953

	31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
Bank balances	215,036	-	-	215,036
Financial assets at amortised cost	335,857	5,857,950	220,768	6,414,575
Contribution receivable	388,724	-	-	388,724
Matured investments receivable	61	-	-	61
Gross carrying amount	939,678	5,857,950	220,768	7,018,396
Loss allowance	-	(353,394)	(61,573)	(414,967)
Carrying amount	939,678	5,504,556	159,195	6,603,429

Investment securities

The Scheme's investments comprise investments in Government of Ghana bonds and Cocoa Board bonds.

Impact of Ghana's Domestic Debt Exchange Programme (DDEP) on investment securities

On 31 July 2023, the Government of Ghana announced Ghana's Domestic Debt Programme (DDEP) for the pension schemes. The Programme invited eligible bondholders to voluntarily exchange eligible local currency bonds issued by the Government of Ghana, ESLA and Daakye bonds for a new series of bonds to be issued by the Government.

The Programme sought to extend the tenures of the eligible securities and reduce their coupons to an effective rate of about 22.35%. The Government also explained that the holders of the old bills will receive two (2) new bonds that mature in 2027 and 2028 at the rates of 58% and 57% for each year respectively. Also included as part of the exchange is an interest only bond ending in 2027 and 2028 in the ratio of 50% and 50% for both years.

NOTES (continued)

(All amounts are in thousands of Ghana cedis)

17. Financial risk management objectives and policies (continued)***Credit risk (continued)******Investment securities (continued)***

Ghana Cocoa Board also launched a debt exchange programme on 14 July 2023 and invited eligible holders of cocoa bills to voluntarily exchange such bills for a new series of bonds to be issued by the Ghana Cocoa Board. The Programme sought to extend the tenures of the eligible securities and reduce their coupons to an effective rate of about 13%. Cocoa Board also explained that holders of the old bills will receive five (5) new bonds that mature from 2024 to 2028 inclusive in the ratio of 5%, 20%, 25%, 25% and 25% for each of 2024-2028 respectively.

The Scheme assessed the bonds and bills eligible for exchange under the DDEP as credit-impaired. As a result, the carrying amounts of the existing bonds were reduced to the fair value of the new bonds calculated as the present value of the cash flows using discount rates of 25% representative of the sovereign risk of the country and 17% representative of risk of Ghana Cocoa Board .

The difference between the fair value of the new instruments and the carrying amount of the original assets was recognised as modification gain or losses in the statement of comprehensive income.

There was no impairment charge recognized on these instruments for the year ended 31 December 2023.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances to cover anticipated benefit payments. The Trustees agree with the Fund manager on the amount to be invested in assets that can be easily liquidated. The Scheme's financial liabilities are set out in notes 14 and 15 of these financial statements.

18. Financial instruments by category

The financial assets of the Scheme have been classified as follows:

	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
<u>At 31 December 2023</u>			
Equity investments	-	166,443	166,443
Collective investments	-	14,962	14,962
Government securities, fixed deposits and corporate bonds	7,992,553	-	7,992,553
Matured investments receivable	11,730	-	11,730
Contribution receivable	499,763	-	499,763
Cash and bank balances	<u>225,907</u>	<u>-</u>	<u>225,907</u>
	<u>8,729,953</u>	<u>181,405</u>	<u>8,911,358</u>

NOTES (continued)

(All amounts are in thousands of Ghana cedis)

At 31 December 2022

Equity investments	-	63,351	63,351
Mutual Fund investments	-	15,284	15,284
Government securities, fixed deposits and corporate bonds	5,999,608	-	5,999,608
Matured investments receivable	61	-	61
Contribution receivable	388,724	-	388,724
Cash and bank balances	<u>215,036</u>	<u>-</u>	<u>215,036</u>
	<u>6,603,429</u>	<u>78,635</u>	<u>6,882,064</u>

The fair value of the Scheme's financial assets at amortised cost is GH¢8,555,353 (2022: GH¢4,728,105).

The financial liabilities of the Scheme as at 31 December 2023 set out below have been classified as financial liabilities measured at amortised cost.

	2023	2022
Benefits payable	53,935	37,540
Administrative expenses payable	14,961	12,325
	<u>68,896</u>	<u>49,865</u>

The fair value of the Scheme's financial liabilities is deemed to approximate the carrying amount due to the short-term nature.

19. Fair value measurements*Fair value hierarchy*

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Scheme's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices in active markets for identical assets or liabilities. This level includes equity securities listed on the Ghana Stock Exchange.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

The hierarchy of the financial assets of the Scheme at the end of the year is as follows:

	Level 1	Level 2	Level 3	Total
<u>At 31 December 2023</u>				
Financial assets at fair value through profit and loss	<u>155,945</u>	<u>14,962</u>	<u>10,498</u>	<u>181,405</u>
<u>At 31 December 2022</u>				
Financial assets at fair value through profit and loss	<u>63,160</u>	<u>15,284</u>	<u>191</u>	<u>78,635</u>

Financial assets measured at level 3 in the fair value hierarchy as at 31 December 2023 GH¢ 10,498 (2022: GH¢ 191).

NOTES (continued)

(All amounts are in thousands of Ghana cedis)

20. Tax status of the Scheme

The Ghana Education Service Occupational Pension Scheme has been approved by the National Pensions Regulatory Authority and is exempt from income tax on its investment income in accordance with Section 94 (2) of the Internal Revenue Act 2015 (Act 896) as amended.

21. Related parties

Related party transactions and balances.

The related parties are the Trustees and Members of the Scheme.

Related party transactions and balances are in respect of fees, contributions and benefits disclosed in notes 4, 5, 6, 11, 13, 14 and 15 to the financial statements.

22. Commitments and contingencies

There are no commitments and contingencies as at 31 December 2023 (2022: nil).

23. Subsequent events

The Board of Trustees are not aware of any material events that have occurred between the date of the statement of net assets available for benefits and the date the financial statements are approved that require disclosure in or adjustment in the financial statements.



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