GHANA EDUCATION SERVICE
OCCUPATIONAL PENSION SCHEME

2018 ANNUAL REPORT

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GHANA EDUCATION SERVICE OCCUPATIONAL PENSION SCHEME

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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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	info@gespensions.com.gh
Secretary	Stanislaus P Nabome	1ST FLOOR SSNIT EMPORIUM, AIRPORT Accra	059 692 1135	info@gespensions.com.gh
Ghana Education Service (Sponsor)	Ghana Education Service Occupational Scheme	The Public Relations Unit, Ministry of Education K Block Ground Floor. Ministries – Accra, Ghana	030 268 3627	pro@moe.gov.gh
Pension Fund custodian	Universal Merchant Bank	44 Kwame Nkrumah Ave, Accra	030 263 3988	info@myumbbank.com
Pension Fund assets manager(s)	Frontline Capital Advisors	No. 8 Out Link, Kuku Hill, Osu-Accra.	030 2784 177	info@frontlineadvisors.com
	FirstBanc Financial Services	12th Floor, World Trade Centre, 29th Independence Avenue, Ridge Ambassadorial Enclave	030 2660 709	info@firstbancgroup.com
Administrator	Pensions Alliance Trust Limited	NO 3, 55A Kakramadu Link, East Cantoments	030 2798 652	info@pensionsalliancetrust.com
Auditor	KPMG	13 Yiyiwa Drive, Abelenkpe	030 2770 454	info@kpmg.com.gh
Independent Trustee	Petra Trust Company Limited	113 Airport West, Dzorwulu	024 243 5037	info@petratrust.com

REPORT OF THE BOARD OF TRUSTEES

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 2018.

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. Scheme Governing Rules and Trust Deed both of which are subject to Act 766, form the basis of establishing the Scheme.

SCHEME MEMBERSHIP STATISTICS

Movement during the year

Description	Number at 1 January 2018	Joiners	Withdrawals	Number 31 December 2018
Active Members	288,054	124,097	30	412,121

Summary statistics

Description	Deferred Contributors	Transfer In	Transfer Out	Partial Withdrawals	Retirement (Statutory)	Retirement (Early)	Permanent Emigration	Incapacities Members	Death
Numbers	0	5	0	0	24	1	0	1	4

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 National Pensions Act, 2008 (Act 766), National Pensions (Amendment) Act, 2014 (Act 883) and the Occupational and Personal Pension Schemes (General) Regulations, 2011

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 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.

Investment Allocation

				2018	2017
Asset Type	**Maximum Allocation**	**Actual Allocation**	**Investment Income Earned**	**Year End Value**	**Year End Value**
	%	**%**	**GH¢**	**GH¢**	**GH¢**
Government Securities	70	65	57,159,705	511,347,953	139,841,792
Local Gov. and Sta. Agency	15	12	15,099,204	96,977,541	45,884,887
Corporate Bonds / REITs	35	4	4,811,189	28,999,858	19,919,474
Money Market	35	6	14,047,728	45,597,272	81,072,807
Quoted/Listed Equity	20	2	(2,689,137)	19,244,833	8,436,475
Open and Closed End Funds	15	4	1,511,084	27,889,158	2,078,075
Cash and Cash Equivalents	-	7	1,378,462	57,473,268	19,044,848
Total		**100**	**91,318,235**	**787,529,883**	**316,278,358**

FINANCIAL REVIEW (SCHEME REPORT)

The Statement of Changes in Net Assets Available for Benefits as presented on page 13 shows an increase in Net Assets available for Benefits for the year ended 31 December 2018 of GH₵ 77,684,670 (2017: GH₵ 29,146,422) and the Statement of Net Assets Available for Benefits on page 12 shows the Scheme's Net Assets as at 31 December 2018 amounting to GH₵ 861,740,345 (2017: GH₵ 334,805,612).

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 fee s payable to and charged by all service providers are shown in Note 11 and 16 respectively.

			2018	2017
Type	**Maximum Rate**	**Actual Rate**	**Amount**	**Amount**
	% p.a.	**% p.a.**	**GH¢**	**GH¢**
NPRA Fees	0.33	0.33	1,731,580	572,428
Trustee (Administrator) Fees	1.33	1.33	6,978,794	2,307,058
Pension Fund Custodian Fees	0.28	0.22	1,154,087	381,619
Pension Fund Mgr. Fees	0.56	0.36	1,876,174	619,271
Audit Fees	-	-	35,250	35,250
Total			**11,775,885**	**3,915,626**

TRUSTEES

License number	Name	Position (member/ independent/chairman)	Date of appointment	Date of exit
N/A	Nathaniel Otoo	Trustee (Chairman)	January 2018	N/A
NPRA/ESOPS/12012/ 16054	Mustapha lddrisu	Trustee (Chairman)	February 2016	January 2018
NPRA/ESOPS/12012/ 16055	Anna Pearl Akiwumi Siriboe	Member	February 2016	N/A
N/A	Enoch H Cobbina	Member	January 2018	N/A
N/A	Anthony Boateng	Member	January 2018	N/A
NPRA/ESOPS/12012/ 16056	Cynthia Arthur	Member	February 2016	January 2018
NPRA/ESOPS/12012/ 16057	Abena Gyamera	Member	February 2016	N/A
NPRA/ESOPS/12012/ 16062	Christian Addai-Poku	Member	February 2016	N/A
NPRA/ESOPS/12012/ 16059	David Ofori Acheampong	Member	February 2016	N/A
NPRA/ESOPS/12012/ 16059	Godfred Sepenu	Member	February 2016	N/A
NPRA/ESOPS/12012/ 16060	King Ali Awudu	Member	February 2016	N/A
NPRA/ESOPS/12012/ 16058	Seth Oduro Boadu	Member	February 2016	N/A
NPRA/ESOPS/12012/	Augustine Saakuur Karbo	Member	September 2016	N/A
NPRA/ESOPS/12012/	Kwamena Ahenakwa.Quarshie	Member	February 2016	N/A
NPRA/ESOPS/12012/	Alexander Kwaku Agyei-Frimpong	Member	February 2016	N/A
NPRA/CT/12001	Petra Trust Scheme Limited	Independent Trustee	July 2016	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 is 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 have expressed their willingness to continue in office as Auditors of the Scheme.

ON BEHALF OF THE BOARD OF TRUSTEES

NATHANIEL OTOO		03/06/2019
Trustee (Name)	Signature	Date
KOFI D. FYNN		03/5/2019
Independent Trustee (Name)	Signature	Date

STATEMENT OF TRUSTEES RESPONSIBILITIES
TO THE MEMBERS OF
GHANA EDUCATION SERVICE (GES) OCCUPATIONAL PENSION SCHEME

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 2018 and the statements of changes in net assets available for benefits, movement in changes in net assets available for benefits and cash flows for the year ended 31 December 2018 and notes to the financial statements which includes a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, 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 Trustees' report.

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 2018 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 Doo		03/05/2019
Trustee (Name)	Signature	Date
KOFI D. FYNN		03/05/2019
Trustee (Name)	Signature	Date

KPMG

INDEPENDENT AUDITOR'S REPORT

To the Members 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 2018 and the statements of changes in net assets available for benefits, movement in changes 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 13 to 48.

In our opinion, these financial statements give a true and fair view of the financial position of Ghana Education Service (GES) Occupational Pension Scheme at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and 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).

Basis for Opinion

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

The key audit matter	How the matter was addressed in our audit
Investment income (GH¢ 91,318,236) Refer to Note 14 to the financial statements	
Investment income mainly consists of interest income earned on government securities, corporate bonds and fixed deposits and fair value gains/losses on mutual funds and equity securities. The Scheme accounts for each investment income manually and its accuracy is dependent on the completeness and accuracy of the investment schedule. Due to the varied investments, the volume of transactions and the manual computations done to ascertain each investment income, there is a risk that the investment income may be erroneously computed. On account of the above, we considered investment income a key audit matter.	Our principal procedures included: • Agreeing the elements of the investment schedule used in the computation of investment income to source documents. • Re-computing interest income and fair value gains/losses amounts to ensure their accuracy as well as the appropriateness of accounting treatment. • Re-computing the amortised transaction cost on secondary bonds over the term of each investment. • Evaluated the adequacy of the Scheme's disclosures on investment income in the financial statements in accordance with the applicable financial reporting framework.

KPMG

INDEPENDENT AUDITOR'S REPORT

To the Members of Ghana Education Service (GES) Occupational Pension Scheme (cont'd)

Other Information

The Trustees are responsible for the other information. The other information comprises the Report of the Trustees, Investment Report and Financial Review (Scheme Report) 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) and the 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 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.

KPMG

INDEPENDENT AUDITOR'S REPORT

To the Members of Ghana Education Service (GES) Occupational Pension Scheme (cont'd)

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

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

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

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

- 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.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of 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)

We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit.

KPMG

INDEPENDENT AUDITOR'S REPORT

To the Members of Ghana Education Service (GES) Occupational Pension Scheme (cont'd)

In our opinion, proper books of account have been kept and the statements of net assets available for benefits, changes in net assets available for benefits, movement in changes in net assets available for benefits and cash flows are in agreement with the books of account.

Except for the issue identified below, the Scheme has complied with the requirements specified in the NPRA Guidelines. In addition, the Scheme has complied with section 35 of the Regulation with respect to prohibited investment practices and the Guidelines on investment of pension funds.

- The board of trustees owed the Scheme GH¢ 544,173 at the end of the year. This amount represents advances given to the board of trustees by the Scheme. Per the Guidelines, trustees are only entitled to fees of 1.33% on the Net Asset Value (NAV) of the Scheme and no other income.

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

KPMG
....
FOR AND ON BEHALF OF:
KPMG: (ICAG/F/2019/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

3 May 2019

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AT 31 DECEMBER 2018

	Note	2018 GH¢	2017 GH¢
Assets			
Equity securities	9	19,244,833	8,436,475
Mutual fund investments	8	27,889,158	2,078,074
Investments measured at amortised cost	7	682,922,624	286,718,960
Due from board of trustees	6	544,173	-
Other receivable	5	-	-
Contribution receivable	10	25,303,021	20,081,580
Matured investment receivable	4	50,890,553	-
Bank balance	3	57,473,268	19,044,848
Total assets		864,267,630	336,359,937
Liabilities			
Other payables	11	2,527,285	1,554,325
Total liabilities		2,527,285	1,554,325
Total Assets Less Liabilities		**861,740,345**	**334,805,612**
Represented by:			
Net Assets Available for Benefits		**861,740,345**	**334,805,612**

The Financial Statements on pages 13 to 48 were approved by the Trustees on 03/05/19 and were signed on its behalf by:

NATHANIEL OTOO
Trustee (Name) Signature Date 03/05/2019

KOFI D. FYNN
Independent Trustee (Name) Signature Date 03/05/2019

The notes on pages 17 to 48 are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 GH¢	2017 GH¢
Dealings with Members			
Contributions	10	292,023,346	305,655,511
Transfers in:	12	157,667,692	3,679
Less: Benefits	13	(37,439)	-
		---------------	---------------
Net Additions from dealings with members		**449,653,599**	**305,659,190**
		=========	=========
Returns on Investments			
Investment Income	14	91,318,236	32,449,926
Add: Other income	15	1,880,710	4,787,355
		-------------	-------------
		93,198,946	37,237,281
Less: Administrative Expenses	16	(12,071,203)	(4,387,776)
Impairment of financial assets	19(ii)	(3,443,073)	(4,787,355)
		--------------	-------------
Surplus for the year		77,684,670	28,062,150
		========	========
Add: Change in Fair value of available for sale financial assets		-	1,084,272
		--------------	-------------
Total comprehensive income		**77,684,670**	**29,146,422**
		========	========
Increase in Net Assets for the Year		**861,740,345**	**334,805,612**
		=========	=========

The notes on pages 17 to 48 are an integral part of these financial statement.

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

	Member's Fund GH¢	Income Surplus GH¢	Fair Value Reserve GH¢	Total Net Assets GH¢
Balance at 1 September 2016	-	-	-	-
Transactions with scheme members				
Contributions during the year	305,655,511	-	-	305,655,511
Transfer in	3,679	-	-	3,679
Total transactions with scheme members	305,659,190	-	-	305,659,190
Comprehensive income for the year				
Surplus for the year	-	28,062,150	-	28,062,150
Fair value gains	-	-	1,084,272	1,084,272
Total comprehensive income for the year		28,062,150	1,084,272	29,146,422
Balance at 31 December 2017	**305,659,190**	**28,062,150**	**1,084,272**	**334,805,612**
Balance at 1 January 2018	305,659,190	28,062,150	1,084,272	334,805,612
IFRS 9 transition adjustment		680,736	(1,084,272)	(403,536)
Restated balance as at 1 January 2018	305,659,190	28,742,886	-	334,402,076
Transactions with scheme members	-	-	-	-
Contributions during the year	292,023,346	-	-	292,023,346
Transfer in	157,667,692	-	-	157,667,692
Benefits expense during the year	(37,439)	-	-	(37,439)
Total transactions with scheme members	449,653,599	-	-	449,653,599
Comprehensive income for the year				
Surplus for the year	-	77,684,670	-	77,684,670
Total comprehensive income for the year	-	77,684,670	-	77,684,670
Balance at 31 December 2018	**755,312,789**	**106,427,556**	**-**	**861,740,345**

The notes on pages 17 to 48 are an integral part of these financial statement.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	GH¢	GH¢
Cash flows from operating activities		
Surplus for the year	77,684,670	28,062,150
Adjustment for:		
Investment income	(91,318,236)	(32,449,926)
Other income	(1,880,710)	(4,787,355)
Impairment of financial assets	3,443,073	4,787,355
	---------------	--------------
	(12,071,203)	(4,387,776)
Changes in		
Due from board of trustees	(544,173)	-
Other payables	972,960	1,554,325
	---------------	--------------
	(11,642,416)	(2,833,451)
Interest received on investments measured at amortised cost	79,416,129	15,894,833
Interest received on call accounts	1,378,462	328,637
Dividend received	207,312	69,146
	--------------	-------------
Net cash received from operating activities	69,359,487	13,459,165
	========	========
Cash flows from investing activities		
Purchase of investments measured at amortised cost	(590,747,889)	(368,170,505)
Purchase of mutual fund investments	(24,300,000)	(2,000,000)
Purchase of equity securities	(13,704,807)	(7,352,203)
Proceeds from sale of investments measured at amortised cost	157,560,860	101,281,154
Transaction costs paid	(4,171,390)	(3,750,373)
	-----------------	-----------------
Net cash used in investing activities	(475,363,226)	(279,991,927)
	==========	==========
Cash flows from financing activities		
Contributions received	286,801,906	285,573,931
Transfer received	157,667,692	3,679
Benefit Paid	(37,439)	-
	---------------	---------------
Net cash from financing activities	444,432,159	285,577,610
	---------------	---------------
Net increase in cash and cash equivalents	38,428,420	19,044,848
Cash and cash equivalents at beginning of the year	19,044,848	-
	--------------	-------------
Cash and cash equivalents at end of period	**57,473,268**	**19,044,848**
	========	========

The notes on pages 17 to 48 are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. SCHEME INFORMATION

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 412,121 (2017: 288,054). The Scheme is a tax exempt approved plan under the National Pensions Act 2008 (Act 766), as amended by the National Pensions Act, 2014 (Act 883) and it is registered with the National Pensions Regulatory Authority (NPRA). Member and Employer contribution vary among participating employers.

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, unless otherwise stated.

2.1 Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and with requirements of the 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 financial statements have been prepared on the historical cost basis except for instruments that are measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Scheme's 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.

2.2 Functional and presentation currency

Items included in the financial statements of the Scheme are measured using the currency that best reflects the primary economic environment in which the Scheme operates ("the functional currency"). The financial statements are presented in Ghana cedi ("the presentation currency"), which is the functional currency of the Scheme. All amounts are rounded to the nearest Ghana cedi.

2.3 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.l.1990) and the Scheme Governing Rules.

2.4 Transfers

Transfers are recognised in the period in which members join from other schemes

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 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.1.1990) and the Scheme Governing Rules.

2.6 Income from investments

i. 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 instruments (see Note 2.8.4)

ii. Dividends are recognised as income in the period in which the right to receive payment is established.

iii. Fair value gains or loss on financial instruments measured at fair value through profit or loss are recognised as income in the period in which the gain or loss arises.

2.7 Change in significant accounting policies

The Scheme has initially applied IFRS 15 and IFRS 9 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Scheme's financial statements.

Due to the transition methods chosen by the Scheme in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards, except for separately presenting impairment loss on trade receivables.

The effect of initially applying these standards is mainly attributed to an increase in impairment losses recognised on financial assets.

2.7.1 IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or service. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. IFRS 15 did not have a significant impact on the Scheme's accounting policies with respect to its revenue streams. There are no changes to performance obligations under the new standard.

Due to the transition methods chosen by the Scheme in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Change in significant accounting policies (cont'd)

2.7.2 IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. As a result of the adoption of IFRS 9, the Scheme has adopted consequential amendments to Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of comprehensive income.

Additionally, the Scheme has adopted consequential amendments to *IFRS 7 Financial Instruments: Disclosures* that are applied to disclosures about 2018 but have not been generally applied to comparative information.

2.7.2.1 Classification of financial assets and financial liabilities

IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity investments, loans and receivables, and available-for-sale financial assets. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

For an explanation of how the Scheme classifies and measures financial assets and accounts for related gains and losses under IFRS 9, see Note 2.8.2.

IFRS 9 has not had a significant effect on the Scheme's accounting policies for financial liabilities.

2.7.2.2 Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' model. The new impairment model applies to financial assets measured at amortised cost, debt investments at FVOCI and lease receivables. Under IFRS 9 credit losses are recognised earlier than under IAS 39.

2.7.2.3 Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied prospectively.

2.7.2.4 Effect of initial application

Classification of financial assets and financial liabilities

The following table shows the original measurement category and carrying amount under
IAS 39 and the new measurement category and carrying amount under IFRS 9 for each class of the Scheme's financial assets and financial liabilities as at 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Change in significant accounting policies (cont'd)

2.7.2.4 Effect of initial application (cont'd)

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial Assets			**GH¢**	**GH¢**
Mutual Fund	FVTPL	FVTPL	2,078,074	2,078,074
Equity Securities	FVTOCI	FVTPL	8,436,475	8,436,475
Investment measured at amortised cost	Amortised Cost	Amortised cost	286,718,960	286,315,423
Contribution receivable	Loans and receivables	Amortised cost	20,081,580	20,081,580
Bank balance	Loans and receivables	Amortised cost	19,044,848	19,044,848
Financial Liabilities				
Other payables	Other financial liabilities	Amortised cost	1,554,325	1,554,325

The reclassifications and measurements are as stated above

2.8 Financial assets and financial liabilities

2.8.1 Recognition and initial measurement

The Scheme recognises deposits with financial institutions and loans and borrowings on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) 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.

2.8.2 Classification and subsequent measurement

Financial assets policy applicable from 1 January 2018.

Classification

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI 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:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets and financial liabilities (cont'd)

2.8.2 Classification and subsequent measurement

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Scheme may irrevocably elect to present subsequent changes in fair value in OCI on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Scheme may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Scheme assesses the objective of the business model in which a financial asset is held for each portfolio of financial assets because this best reflects the way that 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.

2.8.2 Classification and subsequent measurement

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Scheme's continuing recognition of the assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets and financial liabilities (cont'd)

2.8.2 Classification and subsequent measurement (cont'd)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Scheme's continuing recognition of the assets.

Financial assets that are managed and whose performance is evaluated on a fair value basis, which include underlying items of participating contracts, and financial assets that are held for trading 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. However, the principal may change over time -e.g. if there are repayments of principal.

Interest is defined as consideration for the time value of money, 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 a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, 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.

A prepayment feature is consistent with the 'solely payments of principal and interest' criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. In addition, for a financial asset acquired at a premium or discount to its contractual par amount. a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets and financial liabilities (cont'd)

2.8.2 Classification and subsequent measurement (cont'd)

Subsequent measurement and gains and losses

Classification	Measurement
Financial assets at FVTPL	Measured at fair value. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, are recognised in profit or loss, unless they arise from derivatives designated as hedging instruments in net investment hedges.
Financial assets at amortised cost	Measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial assets policy applicable before 1 January 2018

Classification
The Scheme classified its financial assets into one of the following categories:

- financial assets designated as at FVTPL
- held-to-maturity investments;
- loans and receivables; and

Subsequent measurement and gains and losses

Classification	Measurement
Financial assets at FVTPL	Measured at fair value. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, were recognised in profit or loss, unless they arose from derivatives designated as hedging
Financial assets at amortised cost	Measured at amortised cost using the effective interest method
Loans and receivables	Measured at amortised cost using the effective interest method

Financial Liabilities

Classification

The Scheme classified its financial liabilities into one of the following categories:

- financial liabilities at amortised cost

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets and financial liabilities (cont'd)

2.8.2 Classification and subsequent measurement (cont'd)

Subsequent measurement and gains and losses

Classification	Measurement
Financial liabilities at amortised cost	Measured at amortised cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

2.8.3 Offsetting

Financial assets and liabilities are offset and the net amount reported 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 on a net basis, or to realise the assets and settle the liability simultaneously.

2.8.4 Interest income and expense

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a Scheme of similar transactions.

Interest on financial instruments policy applicable from 1 January 2018

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is 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; or
- the amortised cost of the financial liability.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial asset's, adjusted for any loss allowance.

The gross carrying amount of a financial asset is its amortised cost before adjusting for any loss allowance.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets and financial liabilities (cont'd)

2.8.4 Interest income and expense (cont'd)

Financial assets not credit-impaired on initial recognition	If the financial asset is not credit-impaired, then interest income is calculated by applying the effective interest rate to the gross carrying amount of the asset. When calculating the effective interest rate, the Scheme estimates future cash flows considering all contractual terms of the asset but not ECL. If the financial asset has become credit-impaired subsequent to initial recognition, then interest income is calculated by applying the effective interest rate to the amortised cost of the asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. For information on when financial assets are credit-impaired
	Interest income is calculated by applying a credit-adjusted effective interest rate to the amortised cost of the asset. The credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.
Financial liabilities	Interest expenses are calculated by applying the effective interest rate to the amortised cost of the liability. When calculating the effective interest rate, the Scheme estimates future cash flows considering all contractual terms of the liability.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest revenue on financial assets not measured at FVTPL and other finance costs presented in profit or loss include interest on financial assets and financial liabilities measured at amortised cost and debt investments measured at FVOCI calculated on an effective interest basis.

Interest on financial instruments policy applicable before 1 January 2018

Interest income and expenses were recognised in profit or loss using the effective interest method. The effective interest rate was the rate that exactly discounted the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Scheme estimated future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate included transaction costs and fees and points paid or received that were an integral part of the effective interest rate. Transaction costs were incremental costs that were directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest revenue on financial assets not measured at FVTPL and other finance costs presented in profit or loss included interest on financial assets and financial liabilities measured at amortised cost and available-for-sale financial assets calculated on an effective interest basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets and financial liabilities (cont'd)

2.8.5 Impairment

Financial assets policy applicable from 1 January 2018

- financial assets measured at amortised cost;

The Scheme measures loss allowances at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised is 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) for which credit risk has not increased significantly since initial recognition.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECL are the portion of ECL that results from default events that are possible within the 12 months after the reporting date.

In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Scheme is exposed to credit risk.

Measurement of ECL

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

- financial assets that are not credit-impaired at the reporting date: 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; and
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows.

Credit-impaired financial assets

At each reporting date, the Scheme assesses whether financial assets measured at amortised cost and debt investments at FVOCI 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 an amount due to the Scheme on terms that the Scheme would not otherwise consider;
- it 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.

A financial asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets and financial liabilities (cont'd)

2.8.5 Impairment (cont'd)

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

- the market's assessment of creditworthiness as reflected in the 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; and
- 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, including an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of loss allowances in the statement of financial position

Loss allowances for ECL are presented as follows:

- financial assets measured at amortised cost: the loss allowance is deducted from the gross carrying amount of the assets; and

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. 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. However, 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.

Financial assets policy applicable before 1 January 2018

At each reporting date, the Scheme assessed whether there was objective evidence that financial assets not measured at FVTPL were impaired. A financial asset or a Scheme of financial assets was impaired when objective evidence demonstrated that a loss event had occurred after the initial recognition of the asset(s) and that the loss event had an impact on the future cash flows of the asset(s) that could be estimated reliably. This assessment was similar to determining whether a financial asset not derecognised before 1 January 2018 is credit-impaired (see above).

In addition, for an investment in an equity instrument, a significant or prolonged decline in its fair value below its cost was objective evidence of impairment. In general, the Scheme considered a decline of 20% to be significant and a period of nine months to be prolonged. However, in specific circumstances a smaller decline or a shorter period might have been appropriate.

Impairment losses on financial assets were recognised as follows;

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets and financial liabilities (cont'd)

2.8.5 Impairment (cont'd)

Financial assets at amortised cost	The Scheme considered evidence of impairment for these assets at both individual asset and collective levels. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by the grouping together assets with similar risk characteristics. In assessing collective impairment, the Scheme used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends. An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Scheme considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

2.8.6 Derecognition

Financial assets

The Scheme derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets and financial liabilities (cont'd)

2.8.6 Derecognition (cont'd)

On derecognition of a financial asset, the difference between the carrying amounts at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. For debt investments at FVOCI and financial assets that had already been derecognised at 1 January 2018, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. The cumulative gain or loss on equity investments designated as at FVOCI is not reclassified to profit or loss.

The Scheme enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions

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.

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.

If a financial asset measured at amortised cost is modified but not substantially, then the financial asset is not derecognised. If the asset had not been derecognised at 1 January 2018, then the Scheme recalculates the gross carrying amount of the financial asset by discounting the modified contractual cash flows at the original effective interest rate and recognises the resulting adjustment to the gross carrying amount as a modification gain or loss in profit or loss. 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 revenue.

Financial liabilities

The Scheme generally derecognises a financial liability when its contractual obligations expire or are discharged or cancelled. The Scheme also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Notwithstanding the above, when, and only when, the Scheme repurchases its financial liability and includes it as an underlying item of direct participating contracts, the Scheme may elect not to derecognise the financial liability. Instead, the Scheme may elect to continue to account for that instrument as a financial liability and to account for the repurchased instrument as if it were a financial asset and measure it at FVTPL. This election is irrevocable and is made on an instrument-by-instrument basis.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Expenses incurred in managing investments

Expenses in respect of the management of investments are recognised as incurred.

2.10 Administration expenses

An expense is recognised if it is probable that any future economic benefit associated with the item will flow to or from the Scheme and the item has a cost or value that can be measured with reliability.
Expenses incurred in the administration of retirement Scheme are recognised in the statement of comprehensive income in the reporting year to which they relate.

In the event that an expense has not been paid at the end of a reporting year the liability will be reflected under the accounts payable note. If the expense was paid in advance or overpayment occurred, the applicable amount will be disclosed under the accounts receivable note.

2.11 Member individual Fund benefit accounts

Member Fund credits reflected on the statement of net assets includes the member's opening balance (prior year closing balance), monthly contribution and the monthly rate of investment return allocated for the current year.

2.12 New Standards and Interpretations issued not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Scheme has not early adopted the new or amended standards in preparation these consolidated and separate financial statements. At the date of authorisation of the financial statements of Ghana Education Service (GES) Occupational Pension Scheme for the period ended 31 December 2018, the following Standards and Interpretations were in issue but not yet effective:

Effective for the financial year commencing 1 January 2019

- *IFRS 16: Leases*
- *IFRIC 23 Uncertainty over Income Tax Treatments*
- *Prepayment Features with Negative Compensations (Amendments to IFRS 9*
- *Long-Term Interests in Associates and Joint Ventures (Amendments to IAS 28)*
- *Plan Amendment, Curtailment or Settlement (Amendment to IAS 19)*

Effective for the financial year commencing 1 January *2020*

- *Amendments to References to Conceptual Framework in IFRS Standards*
- *Definition of a Business (Amendments to IFRS 3)*
- *Definition of Material (Amendments to IAS 1 and IAS 8)*

Effective for the financial year commencing 1 January 2021

- *IFRS 17 Insurance Contracts*

All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

IFRS 16 (Leases), IFRIC 23 Uncertainty over Income Tax Treatments, Long-Term Interests in Associates, Joint Ventures (Amendments to IAS 28), Plan Amendment, Curtailment or Settlement (Amendments to IAS 19), Definition of a Business (Amendments to IFRS 3) and IFRS 17 Insurance Contracts are not applicable to the Scheme and will therefore have no impact on future financial statements.

The trustees are of the opinion that the impact of the application of the remaining Standards and Interpretations will be as follows:

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

The amendments clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

The amendments apply for annual periods beginning on or after 1 January 2019 with retrospective application, early adoption is permitted.

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

Amendments to References to Conceptual Framework in IFRS Standards

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

Although we expect this to be rare, some companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Definition of Material (Amendments to IAS 1 and IAS 8)

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments are effective from 1 January 2020 but may be applied earlier. However, the Board does not expect significant change – the refinements are not intended to alter the concept of materiality.

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

3. BANK BALANCE

	2018 GH¢	2017 GH¢
Balances with bank	**57,473,268**	**19,044,848**
	========	========

4. MATURED INVESTMENT RECEIVABLE

	2018 GH¢	2017 GH¢
Gross amount	51,444,702	-
Impairment charge	(554,149)	-
	-------------	---
Net amount	**50,890,553**	**-**
	========	===

This balance represent investments which matured during the year for which the Scheme is yet to be settled by issuers of the financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. OTHER RECEIVABLE

	2018 GH¢	2017 GH¢
Gross amount	6,668,065	4,787,355
Impairment charge	(6,668,065)	(4,787,355)
	-	-

Other receivable relates to penal interest charge of 3% on late contribution payments receivable from the employer. As at 31 December 2018, the amount due is deemed not to be collectible hence an impairment provision has been made for the total amount.

6. DUE FROM BOARD OF TRUSTEES

Due from board of directors represent advances made by Scheme to members of the board excluding the Independent Trustee.

7. INVESTMENT MEASURED AT AMORTISED COST

2018	Government Securities GH¢	Corporate Bonds GH¢	Fixed Deposits GH¢	Total GH¢
At December 31 2017	185,726,678	19,919,474	81,072,808	286,718,960
IFRS 9 transition adjustment	-	(335,570)	(67,966)	(403,536)
Purchases at cost	442,930,965	28,929,000	118,887,924	590,747,889
Matured investments	(41,061,063)	(2,320,000)	(114,179,797)	(157,560,860)
Matured investment receivable	(448,913)	(17,132,000)	(33,863,789)	(51,444,702)
Interest Charged	72,258,909	4,811,188	14,047,729	91,117,826
Interest Received	(55,170,586)	(4,180,880)	(20,064,663)	(79,416,129)
Transaction Cost	4,089,504	81,886	-	4,171,390
Impairment		(773,240)	(234,974)	(1,008,214)
At December 31 2018	**608,325,494**	**28,999,858**	**45,597,272**	**682,922,624**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENT MEASURED AT AMORTISED COST (CONT'D)

2017	**Government Securities GH¢**	**Corporate Bonds GH¢**	**Fixed Deposits GH¢**	**Total GH¢**
At September 1 2016	-	-	-	-
Purchases at cost	198,259,057	23,068,000	146,843,448	368,170,505
Matured investments	(22,921,369)	(3,486,000)	(74,873,786)	(101,281,155)
Interest Charged	19,215,647	1,243,834	11,514,588	31,974,069
Interest Received	(12,577,030)	(906,360)	(2,411,442)	(15,894,832)
Transaction Cost	3,750,373	-	-	3,750,373
At December 31 2017	**185,726,678**	**19,919,474**	**81,072,808**	**286,718,960**

8. MUTUAL FUNDS

	2018 GH¢	**2017 GH¢**
At January 1/September 1 2016	2,078,074	-
Purchases	24,300,000	2,000,000
Fair Value Gains	1,511,084	78,074
At December 31	**27,889,158**	**2,078,074**

Analysis of market value of investments held in mutual funds is as follows;

	2018 GH¢	**2017 GH¢**
HFC Unit Trust	1,200,494	1,041,949
Stanlib Cash Trust	1,205,391	1,036,125
Stanlib Income Fund Trust	9,997,604	-
Databank Money Market Fund	5,385,620	-
Investcorp mid-tier Investment Fund	5,257,955	-
EDC Balanced Fund	4,842,094	-
	27,889,158	**2,078,074**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. MUTUAL FUNDS (CONT'D)

Analysis of fair value gains/ (loss) on investments held in mutual funds is as follows

	2018 GH¢	2017 GH¢
HFC Unit Trust	158,544	41,949
Stanlib Cash Trust	169,266	36,125
Stanlib Income Fund Trust	697,604	-
Databank Money Market Fund	385,620	-
Investcorp mid-tier Investment Fund	257,955	-
EDC Balanced Fund	(157,906)	-
	1,511,083	**78,074**

9. EQUITY SECURITIES

	2018 GH¢	2017 GH¢
At January 1/September 1 2016	8,436,475	-
Purchases	13,704,807	7,352,203
Bonus issue	898,680	-
Fair value (loss)/ gains	(3,795,129)	1,084,272
At December 31	**19,244,833**	**8,436,475**

Analysis of market value of investments In equity securities is as follows;

	2018 GH¢	2017 GH¢
Financial Sector	9,070,749	5,713,575
Oil and Gas Sector	2,206,469	748,645
Manufacturing Sector	2,503,449	1,974,255
Telecom Sector	5,464,166	-
	19,244,833	**8,436,475**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. EQUITY SECURITIES (CONT'D)

Analysis of fair value gains/ (loss) on investments in equity securities is as follows;

	2018 GH¢	2017 GH¢
Financial Sector	(2,648,187)	510,975
Oil and Gas Sector	(224,630)	259,390
Manufacturing Sector	(1,198,979)	313,907
Telecom Sector	276,667	-
	(3,795,129)	**1,084,272**

10. CONTRIBUTIONS AND CONTRIBUTION RECEIVABLE

	2018 GH¢	2017 GH¢
At January 1/September 1 2016	20,081,580	-
Contribution during the year	292,023,346	305,655,511
Contribution received	(286,801,905)	(285,573,931)
At December 31	**25,303,021**	**20,081,580**

11. OTHER PAYABLES

	2018 GH¢	2017 GH¢
NPRA Fees	636,583	224,061
Administration Fees Payable	848,778	298,749
Fund Manager Fees Payable	468,466	242,604
Fund Custodian Fees Payable	424,389	149,374
Corporate Trustee Fees Payable	78,569	40,739
Board of Trustees Fees Payable	-	563,548
Audit Fees Payable	35,250	35,250
Other Payables	35,250	-
	2,527,285	**1,554,325**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. TRANSFERS

	2018	2017
	GH¢	GH¢
Capital Portion	157,667,692	2,168
Interest Portion	-	1,511
	---------------	-------
	157,667,692	**3,679**
	=========	====

13. BENEFITS PAYABLE

	2018	2017
	GH¢	GH¢
At January 1/September 1 2016	-	-
Benefits expense	37,439	-
Payments	(37,439)	-
	---------	-
At December 31	-	-
	=====	=

14. INVESTMENT INCOME

	2018	2017
	GH¢	GH¢
Interest on Government Securities	72,258,909	19,215,647
Interest on Corporate Bonds	4,811,188	1,243,834
Interest on Fixed Deposit	14,047,728	11,514,588
Fair Value through Profit or Loss	1,511,084	78,074
Fair Value Loss on Equity Securities	(3,795,129)	-
Interest on Call Account	1,378,462	328,637
Dividend Income	1,105,994	69,146
	--------------	-------------
	91,318,236	**32,449,926**
	========	========

15. OTHER INCOME

Other income relates to penal interest charge of 3% on late contribution payments receivable from the employer which were paid later than the regulatory payment date which is the 14th day of the subsequent month. The table below shows the breakdown;

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. OTHER INCOME (CONT'D)

2018

Month	Date received	Number of days overdue	Contribution due	Penal interest
January 2018	19/02/2018	5	22,081,613	110,408
February 2018	23/03/2018	9	21,563,704	194,073
March 2018	26/04/2018	12	24,687,164	296,246
April 2018	23/05/2018	9	23,829,197	214,463
May 2018	28/06/2018	14	23,771,106	332,795
June 2018	24/07/2018	10	23,342,612	233,426
July 2018	24/08/2018	10	25,020,220	250,202
November 2018	24/12/2018	10	24,909,556	249,096
				1,880,709

2017

Month	Date received	Number of days overdue	Contribution due	Penal interest
September 2016	17/11/2016	34	17,567,250	597,286
October 2016	23/11/2016	9	17,351,250	156,161
November 2016	30/12/2016	16	17,781,858	284,510
December 2016	09/02/2017	26	16,749,801	435,495
January 2017	24/02/2017	10	19,388,423	193,884
February 2017	06/04/2017	23	19,365,197	445,400
March 2017	27/04/2017	13	18,612,695	241,965
April 2017	24/05/2017	10	19,583,299	195,833
May 2017	21/07/2017	37	19,286,173	713,588
June 2017	21/07/2017	7	19,730,403	138,113
July 2017	21/08/2017	7	19,397,623	135,783
August 2017	05/10/2017	21	20,435,811	429,152
September 2017	27/10/2017	13	20,127,972	261,664
October 2017	28/11/2017	14	19,410,219	271,743
November 2017	22/12/2017	8	20,785,957	166,288
December 2017	20/01/2018	6	20,081,580	120,490
Total				**4,787,355**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. ADMINISTRATIVE EXPENSES

	2018	2017
	GH¢	GH¢
Brokerage fees	295,318	207,956
NPRA Fees	1,731,580	572,428
Fund Manager Fees	1,876,174	619,271
Fund Custodian Fees	1,154,087	381,619
Independent Trustee fees	314,833	104,078
Board of Trustees fees	4,355,187	1,439,743
Fund Administrator Fees	2,308,774	763,237
Trustee Training	-	264,194
Audit Fees	35,250	35,250
	12,071,203	**4,387,776**

17. RELATED PARTY TRANSACTIONS

The following transactions between the employer and the Scheme occurred during the year: The contributions received and receivable from the employer to the Scheme towards members' retirement amounts to GH¢292,023,346 (2017: GH¢305,655,511) and GH¢25,303,021 (2017: GH¢20,081,580) respectively (Refer to note 10 of the financial statements).

During the year an amount of GH¢37,439 (2017: Nil) was paid as benefits to members who exited the Scheme (Refer to note 13 of the financial statements). Transactions with and balance due from Board of Trustees have been disclosed in Note 16 and 6 respectively.

18. CAPITAL RISK MANAGEMENT

The capital of the Scheme is represented by the net assets available for benefits. 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 Scheme's ability to continue as a going concern in order to provide benefits for members 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.

a. Financial Risk Management

Overview

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

- Credit risk

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE

- 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.

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 Trustee monitors 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.

Credit risk is managed by the Scheme's outsourced fund managers by investing in well-researched institutions and within the parameters of the investment mandate. The fund manager must report quarterly on the steps taken to identify and manage the credit risk, in terms of the Scheme's investment policy.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE (CONT'D)

ii. Credit risk (cont'd)

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:

	2018 GH¢	2017 Restated GH¢
Government Securities	608,325,494	185,726,678
Corporate Bonds	28,999,858	19,919,474
Fixed Deposits	45,597,272	81,072,808
Equity securities	19,244,833	8,436,475
Mutual Fund	27,889,158	2,078,074
Contribution receivable	25,303,019	20,081,580
Bank balances	57,473,268	19,044,848
Due from Board of Trustees	544,176	-
Other receivable	-	-
	813,377,078	**336,359,937**

No collateral is held for any of the above assets. No impairment allowance is provided on equity securities and mutual funds. These financial assets are measured at fair value through profit or loss.

The impairment allowance for financial assets measured at amortized is disclosed as below;

	2018 GH¢	2017 GH¢
At January 1/September 1 2016	5,190,891	-
Charge for the year	3,443,073	4,787,355
IFRS 9 transition adjustment	-	403,536
As at 31 December	**8,633,964**	**5,190,891**

Analysis of impairment on various financial assets at amortized cost is shown below:

2018	Matured investments GH¢	Investment at amortised cost GH¢	Other receivables GH¢	Total GH¢
At January 1 2018	-	-	4,787,355	4,787,355
IFRS 9 transition adjustment		403,536	-	403,536
Charged for the year	554,149	1,008,214	1,880,710	3,443,073
At December 31 2018	**554,149**	**1,411,750**	**6,668,065**	**8,633,964**

NOTES OT THE FINANCIAL STATEMENTS (CONT'D)

19. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE (CONT'D)

ii. Credit risk (cont'd)

Exposure to credit risks (cont'd)

2017	**Other receivables GH¢**	**Total GH¢**
At September 1 2016	-	-
Charged for the year	4,787,355	4,787,355
	------------	------------
At December 31 2018	**4,787,355**	**4,787,355**
	=======	=======

iii. Liquidity risk

Liquidity risk is the risk that the Scheme will encounter difficulty in raising funds to meet commitments associated with financial instruments. According to the investment mandate, the Scheme invests primarily in marketable securities and the other financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Scheme's policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests as specified in the rules of the Scheme.

Exposure to Liquidity risk
Exposure to liquidity risk is as follows

		Contractual inflows/(outflows)				
	Carrying amount	**Total**	**0-6months**	**6-12months**	**1-5years**	**Over 5 years**
2018	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**
Government securities	608,325,494	953,532,091	112,874,015	47,267,389	685,103,663	108,287,024
Corporate bonds	28,999,858	55,764,633	2,970,058	2,970,058	49,824,517	-
Fixed deposits	45,597,272	47,382,533	42,742,553	4,640,000	-	-
Contribution receivable	25,303,021	25,303,021	25,303,019	-	-	-
Bank Balance	57,473,268	57,473,268	57,473,268	-	-	-
Due from Trustees	544,173	544,173	544,173			
Matured investment receivable	50,890,553	50,890,553	50,890,553	-	-	-
Total assets	**817,133,642**	**1,190,890,272**	**292,797,639**	**54,877,447**	**734,928,180**	**108,287,024**
Other payables	(2,527,285)	(2,527,285)	(2,527,285)	-	-	-
Net Liquidity	**814,606,354**	**1,188,362,987**	**290,270,354**	**54,877,447**	**734,928,180**	**108,287,024**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE (CONT'D)

iii. Liquidity risk (cont'd)

Exposure to liquidity risks (cont'd)

	Contractual inflows/(outflows)					
	Carrying amount	**Total**	**0-6months**	**6-12months**	**1-5years**	**Over 5 years**
2017	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**
Government securities	185,726,678	298,274,673	35,703,975	26,641,588	188,550,672	47,378,438
Corporate bonds	19,919,474	23,821,558	1,863,553	20,315,553	1,642,452	-
Fixed deposits	81,072,808	86,399,272	65,770,752	20,628,520	-	-
Contribution receivable	20,081,580	20,081,580	20,081,580	-	-	-
Bank Balance	19,044,848	19,044,848	19,044,848	-	-	-
Total assets	**325,845,388**	**447,621,931**	**142,464,708**	**67,585,661**	**190,193,124**	**47,378,438**
Other payables	(1,554,325)	(1,554,325)	(1,554,325)	-	-	-
Net Liquidity	**324,291,063**	**446,067,606**	**140,910,383**	**67,585,661**	**190,193,124**	**47,378,438**

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 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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE (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 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.

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

	2018	2017
	GH¢	GH¢
Government Securities	608,325,494	185,726,678
Corporate Bonds	28,999,858	19,919,474
Fixed Deposits	45,597,272	81,072,808
	---------------	---------------
	682,922,624	**286,718,960**
	=========	=========

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¢6.8 million (2017: GH¢2.9 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.

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

	2018	2017
	GH¢	GH¢
Mutual fund	27,889,158	2,078,074
Equity Securities	19,244,833	8,436,475
	-------------	-------------
	47,133,991	**10,514,549**
	========	========

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE (CONT'D)

v. Market risk (cont'd)

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
	GH¢	GH¢
Profit or Loss/Equity	2,356,700	525,727

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.

a. Fair value measurement

Valuation models

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level l) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under IFRS 13 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets. This level includes listed equity securities and debt instruments.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- input other than quoted prices that are observable for the asset or liability;
- input that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the Scheme.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE (CONT'D)

b. Accounting classification and fair values

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.

	Amortised Cost	Fair value through profit or loss	Total	Level 1	Level 2	Level 3
2018	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**
Financial assets measured at fair value						
Mutual fund	-	27,889,158	27,889,158	-	27,889,158	-
Equity securities	-	19,244,833	19,244,833	19,244,833	-	-
Total		**47,133,991**	**47,133,991**	**19,244,833**	**27,889,158**	**-**
Financial assets not measured at fair value						
Government securities	608,325,494	-	608,325,493	-	405,904,289	-
Corporate bonds	28,999,858	-	28,999,860	-	26,836,617	-
Fixed deposits	45,597,272	-	45,597,270	-	-	-
Contribution receivable	25,303,021	-	25,303,019	-	-	-
Bank Balance	57,473,268	-	57,473,268	-	-	-
Due from Trustees	544,176	-	544,176			
Matured investment receivable	50,890,553		50,890,553	-	-	-
Total	**817,133,642**		**817,133,642**	**-**	**432,740,906-**	**-**
Financial liabilities not measured at fair value						
Other payables	2,527,825	-	2,527,825	-	-	-

19. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUE (CONT'D)

a. Accounting classification and fair values (cont'd)

	Available for sale	Held to maturity	Loans and receivables	Fair value through profit or loss	Other financial liabilities	Total	Level 1	Level 2	Level 3
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Financial assets measured at fair value									
Mutual fund	-	-	-	2,078,075	-	2,078,075	-	2,078,075	-
Equity securities	8,436,475	-	-		-	8,436,475	8,436,475	-	-
Total	**8,436,475**	**-**	**-**	**2,078,075**	**-**	**10,514,550**	**8,436,475**	**2,078,075**	**-**
Financial assets not measured at fair value									
Government securities	-	185,726,678	-	-	-	185,726,678	-	249,561,722	-
Corporate bonds	-	19,919,474	-	-	-	19,919,474	-	22,951,896	-
Fixed deposits	-	81,072,808	-	-	-	81,072,808	-	-	-
Contribution receivable	-	-	20,081,580			20,081,580	-	-	-
Bank Balance	-	-	19,044,848			19,044,848			
Total		**286,718,960**	**39,126,428**			**336,359,938**	**-**	**272,513,618**	**-**
Financial Liabilities not measured at fair value									
Other payables	-	-	-	-	**1,554,325**	**1,554,325**	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. TAX

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

21. COMMITMENTS AND CONTINGENCIES

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

22. EVENTS AFTER THE REPORTING PERIOD

Events subsequent to the balance sheet date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material

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