

**HEALTH SECTOR OCCUPATIONAL
PENSION SCHEME**

ANNUAL REPORTS

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2021

HEALTH SECTOR OCCUPATIONAL PENSION SCHEME

<u>CONTENTS</u>	<u>PAGE</u>
PARTICULARS OF SERVICE PROVIDERS / AUDITOR.....	3
REPORT OF THE TRUSTEES, THE TRUSTEES REPORT AND INVESTMENT REPORT.....	4
ESTABLISHMENT, NATURE AND THE STATUS OF THE SCHEME.....	4
SCHEME MEMBERSHIP STATISTICS.....	5
INVESTMENT REPORT.....	5 - 7
FINANCIALS.....	8
EXPENSES.....	8
BENEFITS.....	8 - 9
TRUSTEES.....	9
CORPORATE GOVERNANCE.....	9 - 11
STATUTORY REQUIREMENTS.....	11
AUDITOR.....	11
STATEMENT OF TRUSTEES RESPONSIBILITIES.....	12
INDEPENDENT AUDITOR'S REPORT.....	13-15
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS.....	16
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS.....	17
STATEMENT OF MOVEMENT IN CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS.....	18
STATEMENT OF CASHFLOWS.....	19
NOTES TO THE FINANCIAL STATEMENTS.....	20-33

HEALTH SECTOR OCCUPATIONAL PENSION SCHEME

PARTICULARS OF SERVICE PROVIDERS / AUDITOR

SERVICE PROVIDERS	NAME	LOCATION ADDRESS	PHONE NUMBERS
CHAIRMAN OF BOARD OF TRUSTEES	Dr. Derek Amoateng		0243148659
SECRETARY TO THE BOARD OF TRUSTEES	Perpetual Ofori-Ampofo (Mrs)		0264654068
SPONSOR OF THE SCHEME	GoG and Unions & Associations within the Health Sector	Greater Accra GRNMA Secretariat, Zoti Junction, Behind Korle-Bu Teaching Hospital. Digital Address: GA-220-1036 Email: health.pension12@gmail.com / info@hsopsghana.com Website: www.hsopsghana.com Post Office Box: P.O. Box KB 997, Korle-Bu, Accra Ghana	0302690802
PENSION FUND CUSTODIAN	CAL Bank Ghana Limited	23 Independence Ave. Accra	0244601170(NAN)
PENSION FUND MANAGER (S)	(1) Bora Capital Advisors Ltd (2) Delta Capital Ltd	No.3 Dano Court, East Legon, Accra. Farrar Av., Barnes Rd., Adabraka	0507712343 0303936754
ADMINISTRATOR	Enterprise Trustees Limited	Advantage Place, Mayor Road, Ridge West Accra	0573233761(KOFI)
AUDITOR	KHN Chartered Accountants & Financial Advisors	Hse No. 115, Abokobi, Accra	0275566045/ 0249110656
INDEPENDENT TRUSTEE	Mr. Andrews D. Agblobi		0203218819

HEALTH SECTOR OCCUPATIONAL PENSION SCHEME

THE TRUSTEES' REPORT AND INVESTMENT REPORT

The Trustees present their report together with the audited Financial Statements of the Scheme for the year ended 31st December, 2021.

ESTABLISHMENT, NATURE AND THE STATUS OF THE SCHEME

The Scheme is a defined contribution (DC) Pension Scheme which provides Lump Sum benefits on Retirement and such other ancillary to members who meet the qualifying conditions stipulated under the National Pension Act, 2008 (Act 766). As a DC scheme, the contributions and returns are allotted to individual accounts that makes the individual to bear the entire investment risk.

The Health Sector Occupational Scheme (HSOPS) is a mandatory contributory scheme with lump sum benefits registered under the Second Tier Occupational Pension Scheme. It was set up in fulfillment of the provisions in the National Pensions Act, 2008 (Act 766) and its amendments Act, 2014 (Act 883) and regulations. It is a regulated scheme with the National Pensions Regulatory Authority (NPRA) as a formal sector Employer Sponsor Scheme (ESS) with Certificate number NPRA/ESOPS/12022 registered in 2012.

The HSOPS was registered with founding members of Nine Board of Trustees, and later expanded to Thirteen (13) members. In the course of the scheme operations, the Board of Trustees was again reconstituted to Sixteen (16) members following the recommendations to include Government representatives on the Board. This was in the aftermath of the out of court settlement of dispute between the Government and the four Major Public Sector Union Leaders and to reflect the number of Government and Employer nominees on the Board as per the Consent Judgement of 2015 on the subject matter. In 2018, the Board of Trustees was again reconstituted to Fifteen (15) following changes to Government nominees on the Board of Trustees.

Membership of HSOPS

The scheme membership is open to all employees within the Health Sector both in the private and public sector at the date of Commencement. By public, it means the sections of workers employed by the central Government and are paid through the Controller and Accountant General's Department while the private are those not on Government payrolls but are paid through the Internally Generated Fund (IGF). Thus, the HSOPS scheme constitutes a membership of different employers.

The Scheme is tax exempted 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), Regulations made under it, Guidelines formulated and published and any Board directives that may be issued from time to time as well as the Governing Rules of the Scheme. The Trustees of the Scheme are ultimately responsible for the administration of the Scheme and their responsibility to the Scheme is established by a Trust Deed and Scheme Governing Rules approved in 2012. The Scheme Governing Rules and Trust Deed both of which are subject to Act 766, form the bases of establishing the Scheme.

SCHEME MEMBERSHIP STATISTICS

The Table 1 provides the Scheme's Membership Statistics for the year under review. In total, the scheme membership grew from 147,139 to 174,959 due to new employees and others porting into the scheme.

TABLE 1. Movement during the year

Description	Number at beginning of period	Additions	*Withdrawals	Number at End of Period
Active Members	147,139	29,541	1,721	174,959

INVESTMENT REPORT

(i) Statement of Investment Principles

We the Trustees attest that Scheme Funds have been invested with the objective of obtaining safe and fair returns in accordance with National Pensions Act, 2008 (Act 766). We confirm that there has been full compliance with prohibitions on investments which include but are not limited to, use of Pension Fund assets as collateral, investing outside Maximum Allowable limits, investing outside the scope of Assets stipulated by the NPRA's Investment Guidelines and investing in securities issued by any issuer for which there exists a conflict of interest.

(ii) Particulars of Investment Policy

Trustees of pension schemes are required under Section 153 of the National Pensions Act, 2008 (Act 766) to, among other things maintain Investment Policy Statements and ensure that the investment of funds of the scheme is diversified to minimize investment risk. Under the Act, pension fund and assets are to be invested in permitted investments (reference section 176 of the Act).

This Investment Policy Statement reflects the investment policy, objectives, and constraints of the HSOPS set out by the Trustees to the Pension Fund Managers.

Type of Scheme: 2nd Tier Occupational Pension Scheme.

Time Horizon: 10 Plus Years.

Nominal Expected Return: Equal to or Greater (150 bases point above the Government of Ghana one-year and two-year Treasury notes).

Expected Real Return: A Real Expected Return of 3.25%.

Primary Objective: Principal Preservation and moderate growth.

Risk Tolerance: Moderate.

Evaluation Benchmark

Total return to exceed the performance of a policy index based on the strategic asset allocation of the fund to various broad asset classes by at least 150 bases point over a 2-4 -year period. Specifically, the policy index will be weighted index that comprised of:

- 5% Ghana Stock Exchange Share index.
- 35% Thee Sixty- four (364) Days Treasury bills.
- 60% Two-year Government of Ghana (GoG) Treasury Notes.

Goal

The goal of the Fund is to achieve a Total Rate of Return sufficient to provide generous current distributions to the Fund's beneficiaries and to allow for the growth necessary to increase future benefits. In pursuance of the requirement of the National Pensions Act, 2008 (Act 766) Section 153 (4), the Trustees of the Scheme shall maintain asset classes, each with a different investment objective.

Bank Securities

The objective of the Bank Securities is to achieve a rate of return which matches or exceeds one-year GOG Treasury note plus 150 percentage point basis (1.5%) with a view to minimizing the exposure of the principal amount invested to market fluctuation and volatility. This will involve investments in interest-bearing financial instruments that usually have short-term maturity periods. Their yields are slightly attractive when compared with deposit rates offered by banks to retail customers. The major types of Bank instruments (securities) are Certificates of Deposit, Commercial Paper and Repurchase Agreement (Repos) issued by "universal" banks and large creditworthy firms.

Government of Ghana Bonds

The Government of Ghana Bonds is the next asset class the scheme investment is held. The investment objective is to earn higher than GOG Treasury notes plus (1.5%) or 150 percentage point basis (i.e. to maximize interest income). The underlying investment vehicles are Government Notes, Bonds, and Treasuries Bills.

Local Government and Statutory Agency Bond

These are securities that are issued by the Local Government and the Statutory Agencies such as Cocobod, Energy Sectors Levy Authority and GET Fund Daakye Bonds.

Corporate Bonds

These are debt instruments issued by limited liability companies and they include Corporate Notes, Debenture, Bonds and Preferred Stocks.

Equities

Equities are the other assets class that the scheme investments are held. The objective of the Equity securities is to achieve capital appreciation over the long-term through diversified investments in equities where higher rate of returns is usually available. The minimum benchmark is the Ghana Stock Exchange Composite Index.

Collective Investment Schemes

Another assets class the Scheme invests in is the Collective Investment Schemes (CIS) made up of Mutual Funds and Unit Trust Schemes. The objective of the Mutual Fund is to achieve capital growth over the long term with a view to minimizing the risk of capital loss.

The CIS investments primarily include bank deposits, bonds and equities, the objective of which is to “beat” inflation rate with some capital growth (i.e. to achieve modest growth in income and capital). These are investment vehicles set up under trusts for different investors to pool their monies together for investment. The Mutual Funds Schemes usually invest in a portfolio of investments such as bonds and equities and provides opportunities to hold pieces of broad asset classes.

Investment Risk

It must be noted that all funds are subject to risks arising from the social, political, economic (interest rate, inflation and exchange rate) and financial risk (asset or portfolio risk, liquidity risk, market risk, operational risk) of the country in which investments are made.

Investment Allocations

As at the end of December 2021, there was a cash balance at bank of GHs 1,425,182 which when added to the Net Asset Value under management, to arrive at a total amount of GHs **2,189,156,017**. The total assets allocation as at the end of the year 2021 was GHs 2,118,349,451 and illustrated in Table 2.

The total Temporary Pension Fund Account (TPFA) stood at **GHs 1,204,443,362** (See Note 18 for details) at the end of December 2021. The running TPFA amount of **GHs 592,729,633** in the form of bonds with various maturities is held with the Central Securities Depository (CSD).

The Scheme achieved a total gross investment return of GHs 345,243,976 (i.e.21.25%) compared to GHs150,902,072 (i.e. 19.89%) it had in 2020. The performance exceeded the benchmark of 20.07% for the year 2021. Compared to the previous years, the investment in listed equities had positive return in 2021.

Table 2. Investment Allocation

Asset Type	Maximum Allocation	Actual Allocation	Investment Income Earned	2021 Year End Value	2020 Year End Value
	%	%	GHS	GHS	GHS
GoG Bonds	75	43.30	340,462,128	917,421,823	976,157,959
Local Gov't & Sta. Agencies Bond		26.43		559,791,911	
Corp. Bonds/Other Debt (REITs)	30	0.19	2,403,154	3,983,529	-
Bank Securities	35	0.10	855,605	2,202,953	15,057,326
Listed Equities	10	0.42	558,599	8,825,759	5,572,619
Collective Invest. Securities	5	1.58	964,490	33,393,843	28,697,159
TPFA		27.98	-	592,729,633	592,429,186
TOTAL		100	345,243,976	2,118,349,451	1,617,914,249

FINANCIALS

The Statement of Changes in Net Assets Available for Benefits as presented on page 15 shows an increase in Net Assets available for benefits for the year of GHs 241,328,527 (GHs 333,751,438 for the previous financial year) and the Statement of Net Assets Available for Benefits on page 14 shows the Scheme's Net Assets as at 31st December, 2021 amounting to GHs 2,189,156,017 subject to confirmation of the TPFA balance on completion of the reconciliation exercise by NPRA.

EXPENSES

All expenses of the Scheme are charged against the Scheme. We confirm that expenses charged and deducted from the Scheme Funds are those allowable under the National Pensions Act, 2008 (Act 766), Guidelines on Fees and Charges and any other directives issued by the Authority from time to time. See Table 3 for details.

Table 3. Expenses

Asset Type	Maximum Rate	Actual Rate Negotiated	2021 Amount	2020 Amount
	% p.a	% p.a	GHS	GHS
NPRA Fees	0.33	0.33	4,196,465	2,779,636
Scheme Admin. Fees,	1.33	0.40	5,086,625	3,369,256
Trustees Fees		0.88	11,311,548	7,412,363
Pension Fund Mgr. Fees (X 2)	0.56	0.30	3,792,630	2,442,857
Pension Fund Custodian Fees	0.28	0.17	2,161,815	1,431,934
Audit Fees	Negotiable	Negotiated	75,000	75,000
Total Fees	2.5	2.08	26,624,083	17,511,045

BENEFITS

Within the year, a total amount of GHs18,524,632 was paid as lump sum benefits to a number of those who retired, ported to other Schemes and death claims at the end of 2021 as illustrated in table 4. These payments were made using the provisional Temporary Pension Fund Account (TPFA) figures and 100% of contribution and accrued interest that were received directly from the members.

Table 4. Benefit

Year/Type of Benefit	Number		Amount	
<i>Year</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Early Retirement	35	36	566,202	335,326
Death	66	12	969,651	126,172
Retirement	776	456	16,395,519	7,253,499
1% Refund	317	-	579,176	-
Porting	6	15	14,084	49,775
Total	1,200	519	18,524,632	7,764,772

TRUSTEES

The current membership of the Board of Trustees is indicated in Table 5. There were no changes in the composition of the Board of Trustees in the year under review.

Table 5. Members of the Board of Trustees

LICENCE NO.	NAME	POSITION	DATE OF APPOINTMENT
NPRA 18067	Dr. Derek Amoateng	Chairman	February 2018
NPRA 16023	Dr. Kwabena Opoku-Adusei	Vice Chairman	June 2013
NPRA 16035	Perpetual Ofori-Ampofo	Secretary	June 2012
NPRA 16031	Andrews D. Agblobi	Independent Trustee	June 2012
NPRA 17079	David Tenkorang-Twum	Member	May 2020
NPRA 18069	Peter Obiri-Yeboah	Member	February 2018
NPRA 16036	Grace Oppong Dolphy	Member	June 2016
NPRA 16022	Dr. Justice Yankson	Member	June 2016
NPRA 16026	Oscar Kum-Amissah	Member	June 2013
NPRA 16034	Gaetan Charles Adangabey	Member	June 2012
NPRA 16025	Hamidu Adakurugu	Member	June 2016
NPRA 18068	Solomon Osei-Gyamerah	Member	February 2018
NPRA 16073	Emmanuel Appiah	Member	September 2020
NPRA 18093	Franklin Owusu Ansah	Member	June 2018
NPRA 18092	Alexander Kwaku Kyei	Member	June 2018

CORPORATE GOVERNANCE

The Board of Trustees have three major Committees that usually undertake the duties and functions of the Trustees. The Committees are Investment, Education and Benefit. Each Committee performs a particular function of the Trustees.

Investment Committee

The Investment Committee is a seven member Trustees only that invests the Scheme assets. The Committee meets each month with other Service Providers to evaluate the monthly investment. The Committee is responsible for approving the daily investments and monitoring the performance of the two Pension Fund Managers. The Committee also ensures that the Fund Managers adhere to the Statement of Investment Policy (SIP) that the scheme have in place. The list in Table 6 constitutes the membership of the Committee and the number of times each member has attended the meetings held. See detail Table 6.

Table 6: Investment Committee

Trustees	Role	Number of Meetings held	Number of meeting attended
Dr. Derek Amoateng	Chairman	12	12
Solomon Osei Gyamerah	Vice Chair	12	11
Peter Obiri-Yeboah	Secretary	12	12
Andrews Agblobi	Independent Trustee	12	12
Grace Oppong Dolphy	Member	12	11
Franklin Owusu Ansah	Member	12	11
Dr Justice Yankson	Member	12	11

Education Committee

The Education committee is the committee responsible for the educational activities of the Scheme Members and the management of the Scheme's website. The Education Committee was able to undertake a number of in-person training sessions as well as one virtual meeting with the members during the year under review. The Committee took the opportunity to continue to develop Training materials and held meetings. The membership of the committee and the number of meetings each member attended is as follow. See Table 7.

Table 7 Education Committee

Trustees	Role	Number of meeting held	Number of meeting attended
Perpetual Ofori-Ampofo	Chairperson	5	5
Franklin Owusu Ansah	Secretary	5	5
Peter Obiri-Yeboah	Member	5	5
Emmanuel Appiah	Member	5	5
Alexander Kwaku Kyei	Member	5	5
Gaetan Charles Adangabey	Member	5	5
Oscar Kum-Amissah	Member	5	5

Benefit Committee

The Benefit Committee is a seven-member Committee that is responsible for the payment of benefits. The Committee developed new Benefit Payment Policy that contain template for each category of benefit. The policy also contains detailed processes that must be undertaken for each benefit. The membership of the committee and the number of meetings each member attended is as follows:

Table 8: Benefit Committee

Trustees	Role	Number of meetings held	Number of meetings attended
Dr Derek Amoateng	Chairman	8	8
Andrews Agblobi	Vice- Chair	8	8
Dr Justice Yankson	Secretary	8	7
Perpetual Ofori-Ampofo	Member	8	7
David Tenkorang-Twum	Member	8	8
Dr Opoku Adusei	Member	8	5
Hamidu Adakurugu	Member	8	8

STATUTORY REQUIREMENTS

The Trustees have complied with the requirements of the National Pensions Act, 2008 (Act 766), Regulations made under it, Guidelines and Board Directives that have been issued.

AUDITOR

KHN Chartered Accountants and Financial Advisors have been with the Scheme since 16th June, 2015. Having served as the Auditors of the Scheme for six years, they have expressed their willingness to be rotated in accordance with the Companies Act, 2019 (Act 992) Section 139(11).

ON BEHALF OF THE BOARD OF TRUSTEES

Dr. Derek Amoateng
(Chairman)


.....
Signature


.....
Date

Andrews D. Agblobi
(Independent Trustee)


.....
Signature


.....
Date

HEALTH SECTOR OCCUPATIONAL PENSION SCHEME FINANCIAL STATEMENTS

STATEMENT OF TRUSTEES RESPONSIBILITIES

The National Pensions Act, 2008 (ACT 766) requires the Trustees to prepare financial statements for each financial year which gives a true and fair view of the financial transactions of the Scheme for the year and of the disposition at year end of its assets and liabilities. It also requires the Trustees to ensure that the Scheme keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Scheme. They are also responsible for safeguarding the assets of the Scheme.

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 the requirements of the National Pensions Act, 2008 (Act 766) and the Occupational and Personal Pension (General) Regulations, 2011 (L.I. 1990). The Trustees have instituted appropriate internal controls to avert cases of fraud or error from which material misstatements may arise.

The Trustees accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the National Pensions Act, 2008 (Act 766) and the Occupational and Personal Pension (General) Regulations, 2011 (L.I. 1990). The Trustees assert that the financial statements give a true and fair view of the financial affairs of Health Sector Occupational Pension Scheme.

HEALTH SECTOR OCCUPATIONAL PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALTH SECTOR OCCUPATIONAL PENSION SCHEME

Opinion

We have audited the financial statements of Health Sector Occupational Pension Scheme set out on pages 16 to 33, which comprise the Statement of Net Assets Available for Benefits as at 31 December 2021; the Statement of Changes in Net Assets Available for Benefits; Statement of Movement in Net Assets Available for Benefits; and Statement of Cashflows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Health Sector Occupational Pension Scheme as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and the requirements of the National Pensions Act, 2008 (Act 766) and the Occupational and Personal Pension (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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 material ones are addressed in the Management letter provided.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Other Information

The Trustees' are responsible for the other information. The other information does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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 the requirements of the National Pensions Act, 2008 (Act 766) and the Occupational and Personal Pension (General) Regulations, 2011 (L.I. 1990), and for such internal controls as the Trustees determine necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibilities 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional 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 the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that, a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Opinion

In our opinion, the accompanying Financial Statements give a true and fair view of the financial transactions of the Scheme for the year ended 31st December, 2021 and of the disposition at that date of its assets and liabilities, other than the liabilities to pay benefits after the end of the year, in accordance with International Financial Reporting Standards and the requirements of the National Pensions Act, 2008 (Act 766) and the Occupational and Personal Pension (General) Regulations, 2011 (L.I. 1990).

KHN Chartered Accountants

Signed by Frank Sinatra Nkrumah (ICAG/P/1553)

For and on behalf of: KHN Chartered Accountants and Financial Advisors

(Chartered Accountants)

Firm License No. (ICAG/F/2022/232)

Accra, Ghana.

Date: 22/4/22

**KHN CHARTERED ACCOUNTANTS
& FINANCIAL ADVISORS
P O BOX CT 3606, CANTONMENTS
ACCRA - GHANA**

HEALTH SECTOR OCCUPATIONAL PENSION SCHEME

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AS AT 31ST DECEMBER, 2021

Description	Note	2021 Current Year GHS	2020 Previous Year GHS
ASSETS			
Bank Balance	4	1,425,182	4,828,893
Held to Maturity	5	1,471,850,942	991,215,285
Available for Sale	6	8,825,759	5,572,619
Fair Value through Profit and Loss	7	33,393,843	28,697,159
TPFA	18	592,729,633	592,429,186
Receivables	8	85,296,285	63,414,562
TOTAL ASSETS		2,193,521,644	1,686,157,704
LIABILITIES			
Benefits Payable	9	(1,429,026)	(2,000,000)
Administrative Expenses Payable	10	(2,936,601)	(1,973,842)
TOTAL LIABILITIES		(4,365,627)	(3,973,842)
TOTAL ASSETS LESS LIABILITIES		2,189,156,017	1,682,183,862
Represented By:			
NET ASSETS AVAILABLE			
FOR BENEFITS (NET ASSET VALUE)		2,189,156,017	1,682,183,862

The Financial Statements on pages 17 to 33 were approved by the Trustees on 21/04/2022 and were signed on their behalf by:

Dr. Derek Amoateng
(Chairman)

.....
Signature

.....
Date

Andrews D. Aglobi
(Independent Trustee)

.....
Signature

22/04/2022
.....
Date

HEALTH SECTOR OCCUPATIONAL PENSION SCHEME

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED 31ST DECEMBER, 2021

Description	Note	2021 GHS	2020 GHS
DEALINGS WITH MEMBERS			
Contributions	11	260,069,626	284,010,008
<i>Less: Benefits Paid</i>	12	(27,738,622)	(9,784,964)
A: Net Additions from Dealings with Members		232,331,004	274,225,045
RETURNS ON INVESTMENTS			
Investment Income	13	345,243,976	150,902,072
<i>Less: Brokerage Fees/Levies/Commissions</i>		(78,561)	658,209
<i>Transfer to TPFA Assets</i>		(237,434,580)	(15,341,669)
B: Net Investment Income		107,730,835	136,218,612
C: Net Gains / (Losses) on Investment Income	14	2,115,173	(1,083,666)
D: Administrative Expenses	15	(26,624,083)	(17,511,045)
E. (Premium)/Discounts on Bonds		(11,549,274)	(17,075,471)
<i>Less: Contribution Receivable-2020</i>		(63,414,562)	(33,996,952)
F. Impairments	19	739,434	(7,025,084)
Increase (Decrease) In Net Assets For The Year		241,328,527	333,751,438
		(A+B+C-D-E-F)	

HEALTH SECTOR OCCUPATIONAL PENSION SCHEME

STATEMENT OF MOVEMENT IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED 31ST DECEMBER, 2021

Description	Note	2021 GHS	2020 GHS
Net Assets Available For benefits As At 1 st January		738,687,442	401,515,428
Increase (Decrease) In Net Assets For The Year		241,328,527	333,751,438
TPFA	18	1,204,443,362	943,496,420
Fair Value Reserve (Available for Sale Financial Assets		4,696,686	3,420,576
		-----	-----
Net Assets Available For Benefits As At 31 st December	16	2,189,156,017	1,682,183,862

HEALTH SECTOR OCCUPATIONAL PENSION SCHEME

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2021

Description	Note	2021 GHS	2020 GHS
Increase (Decrease) in Net Assets for the Year		241,328,527	333,751,438
Adjusted for: Contribution Receivable - 2020 (Non Cash)		(63,414,562)	(33,996,952)
Fair Value on Open/Closed End Funds		(6,811,859)	(2,336,909)
		-----	-----
CASH FLOW FROM OPERATING ACTIVITIES		171,102,106	297,417,577
Increase/ (Decrease) in Benefits Paid		(17,953,658)	(7,761,719)
Increase (Decrease) in Admin. Expense Payable		962,759	784,360
Increase (Decrease) in Benefits Payable		858,052	2,000,000
(Increase) Decrease in Receivables		(21,881,723)	(29,417,610)
Net Cash Generated from Operating Activities		133,087,536	263,022,608
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Treasury Bonds			
Purchase of Treasury Bills/Bonds		(272,272,840)	(616,322,870)
Purchase of Ordinary Shares		-	-
Purchase of Money Market Securities		(2,000,000)	-
Purchase of Corporate Bonds		(30,100,128)	-
Purchase of Open/Closed Securities		-	-
Proceeds from Disposal of Treasury Bonds		57,626,065	223,558,036
Proceeds from Disposal of Ordinary Shares		100,973	3,083,549
Proceeds from Disposal of Money Market Securities		82,098	-
Proceeds from Disposal of Corporate Bonds		710,000	-
Proceeds from Disposal of Open/Closed Securities		-	-
TPFA Coupons & Proceeds		109,362,585	129,630,786
		-----	-----
Net Cash Used in Investing Activities		(136,491,246)	(260,050,499)
Net Increase (Decrease) in Cash and Cash Equivalents		(3,403,711)	2,972,109
Cash and Cash Equivalents as at 1st January		4,828,893	1,856,784
Net Increase (Decrease) in Cash and Cash Equivalents		(3,403,711)	2,972,109
Cash and Cash Equivalents as at 31st December		1,425,182	4,828,893

HEALTH SECTOR OCCUPATIONAL PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021

1.0 SCHEME INFORMATION

The Scheme is a defined contribution scheme which provides lump sum benefits on Retirement and such other ancillary benefits to members who meet the qualifying conditions stipulated under the National Pensions Act, 2008 (Act 766). The Unions and Association and the Government of Ghana are the sponsors of the Health Sector Occupational Pension Scheme (HSOPS). The Health Sector Occupational Pension Scheme (HSOPS) has been established to provide lump sum pension benefits to all employees within the Health Sector who proceed on retirement.

2.0 BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of Measurement

The Financial Statements are prepared under the historical cost convention, as modified by the revaluation of certain financial instruments. The actuarial present value of pensions and other future benefits of the Scheme are not applicable to these Financial Statements. The principal accounting policies adopted in the preparation of these Financial Statements have been modified to include full implementation of IFRS 9 related to expected credit losses on investments.

2.3 Use of Estimates and Judgement

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

2.4 Estimates and Assumptions

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

2.5 Fair value of Financial Instruments

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 1) 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.

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;
- inputs other than quoted prices that are observable for the asset or liability;
- Inputs 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 asset or liability.

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

2.6 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 CHANGES IN ACCOUNTING POLICIES

The Scheme has initially adopted IFRS 9 and IFRS 15 from 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 method chosen by the Scheme in applying IFRS 9, comparative information throughout these financial statements has not generally been restated to reflect its requirements. The adoption of IFRS 15 did not impact the timing or amount of contribution and investment income from contracts with customers and the related assets and liabilities recognized by the Scheme.

Accordingly, the impact on the comparative information is limited to new disclosure requirements.

The effect of initially applying, these standards are mainly attributed to the following:

- an increase in impairment losses recognized on financial assets.
- additional disclosures related to IFRS 9.
- additional disclosures related to IFRS 15

Except for the changes below, the Scheme has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements.

3.2 IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing 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. The requirements of IFRS 9 represent a significant change from IAS 39. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

The Scheme has adopted significant amendment to IFRS 7 Financial Instrument: Disclosures that are applied to disclosures about 2018 but have not been applied to the comparative information.

The significant accounting policies applied in the preparation of the financial statements are set out below.

3.3 Functional and Presentation Currency

The financial statements are presented in Ghana Cedis (GHS), which is the Scheme's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of changes in net assets.

3.4 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) and the Scheme Governing Rules.

3.5 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) and the Scheme Governing Rules.

3.6 Investment Income

Dividend Income from Investments is recognized when the shareholders' right to receive payment has been established.

Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable.

3.7 Financial Assets

The Trustees determine the classification of Financial Assets of the Scheme at initial recognition. Financial Assets are classified as follows:

a. Financial Assets at Fair Value through Profit or Loss

A Financial Asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

i. Held for Trading

A financial asset is classified as held for trading if it is acquired principally for the purpose of selling or repurchasing in the near future; or part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

ii. Designated at Fair Value through Profit or Loss

Upon initial recognition as financial asset or financial liability, it is designated by the Trustees at fair value through profit or loss except for investments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

b. Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c. Available-for-Sale Financial Assets

Available-for-Sale financial assets are non-derivative financial assets that are designated on initial recognition as available for sale and are held for an indefinite period of time and may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

d. Held-to-Maturity Investments

Held-to-Maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Trustees have the positive intention and ability to hold to maturity.

e. Initial Recognition of Financial Asset

Purchase and Sales of financial assets held at fair value through profit or loss, available for sale financial assets and liabilities are recognized on the date the Trustees commit to purchase or sell the asset. Financial assets are initially recognized at fair value plus directly attributable transaction costs, except for financial assets at fair value through profit or loss.

f. Subsequent Measurement of Financial Asset

Available for Sale financial assets are subsequently measured at fair value with the resulting changes recognized in Statement of Movement in Net Assets Available for Benefits. The fair value changes on available for sale financial assets are recycled to the Statement of Changes in Net Assets when the underlying asset is sold matured or derecognized. Financial Assets classified as fair value through profit or losses are subsequently measured at fair value with the resulting changes in the Statement of Changes in Net Assets.

g. De-recognition

Financial assets are de-recognized when the right to receive cash flows from the financial assets has expired or where the Scheme has transferred substantially all risks and rewards of ownership. Any interest in the transferred financial assets that is created or retained by the Scheme is recognized as a separate asset or liability.

Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expired.

h. Amortized Cost Measurement

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayment, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

i. Identification and Measurement of Impairment

The Trustees assess at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets are impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event has an impact on the estimated future cash flows of the financial asset, or group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a debt issuer and other observable data that suggests adverse changes in the payment status of the debt issuer. Impairment losses on available for sale financial assets are recognized by transferring the difference between the acquisition cost and the current fair value out of Net Assets in the Statement of Changes in Net Assets available for benefits.

The Trustees first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Trustees determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized, are not included in a collective assessment of impairment.

Future cash flows in a group of financial assets that are collectively valued for impairment are estimated on the basis of the historical loss experience for assets with credit risk characteristics similar to those in the Scheme. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based, and to remove the effects of conditions in the historical period that do not exist currently.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the Statement of Changes in Net Assets.

Impairment losses on Available-for-Sale financial assets are recognized by transferring the difference between the amortized acquisition cost and current fair value out of Net Assets to the Statement of Changes in Net Assets. When a subsequent event causes the impairment loss on an Available-for-Sale financial asset to decrease, the impairment loss is reversed through the Statement of changes in net assets. However, any subsequent recovery in the fair value of an impaired Available-for-Sale financial asset is recognized directly in Net Assets.

3.8 Provisions

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

3.9 Cash and Cash Equivalents

Cash and cash equivalents as referred to in the Cash Flow Statement comprises, current and call accounts with banks.

3.10 Standards, Amendments and Interpretations issued but not yet effective

These will be inserted at the date of preparation of the financial statements as standards and amendments changes year on year.

4. BANK BALANCE

Description	2021 GHS	2020 GHS
Cal Bank	1,425,182	4,828,893
Total Bank Balance	<u>1,425,182</u>	<u>4,828,893</u>

5. HELD TO MATURITY INVESTMENTS

Description	2021 GHS	2020 GHS
Bank Deposits:		
1-Year	2,000,000	12,897,805
Accrued Interest	225,205	2,159,521
Expected credit loss	(22,252)	
Government Bonds:		
2-Year	38,125,379	40,940,256
3-Year	51,787,462	60,014,962
5-Year	103,418,711	124,286,653
6-Year	59,452,827	26,628,491
7-Year	47,641,951	81,775,969
10-Year	59,904,638	247,158,870
12-Year	15,632,482	119,665,480
15-Year	348,442,260	232,350,806
20-Year	112,598,868	6,001,000
Local Gov't & Statutory Body Bonds:		
182-Day	533,000	1,299,349
5-Year	5,658,018	
6-Year	11,536,619	
7-Year	12,052,351	
10-Year	326,381,069	
12-Year	203,630,853	
Accrued Interests	80,417,246	53,111,595
Corporate Bonds:		
3-Year	2,495,686	-
6-Year	500,000	-
Accrued Interest	1,018,255	-
Expected credit loss	(30,412)	
GoG (Premium)/Discount	(11,549,274)	(17,075,471)
Total Held to Maturity Investments	<u>1,471,850,942</u>	<u>991,215,285</u>

6. AVAILABLE FOR SALE INVESTMENTS

Description	2021 GHS	2020 GHS
Listed Shares	8,825,759	5,572,619
Total Available for Sale Investments	8,825,759	5,572,619

7. FAIR VALUE THROUGH PROFIT AND LOSS

Description	2021 GHS	2020 GHS
Open/ Closed End Funds	33,393,843	28,697,159
Total Fair Value Through Profit and Loss	33,393,843	28,697,159

8. RECEIVABLES

Description	2021 GHS	2020 GHS
Contributions Outstanding		
For Less than 30 days	17,059,257	12,722,478
Between 30 to 90 days	51,177,771	37,981,509
Over 90 days	17,059,257	12,710,575
Total Receivables	85,296,285	63,414,562

9. BENEFITS PAYABLE

Description	2021 GHS	2020 GHS
Lump Sum Benefit Payable	1,429,026	2,000,000
Total Benefits Payable	1,429,026	2,000,000

10. ADMINISTRATIVE EXPENSES PAYABLE

Description	2021 GHS	2020 GHS
Asset Based Fees		
NPRA Fees	421,108	287,603
Administrator Fees Payable	510,434	348,610
Pension Fund Managers Fees Payable	469,198	347,525
Pension Fund Custodian Fees Payable	216,937	148,162
Trustees Fees	1,243,924	766,941
Audit Fees Payable (Negotiated)	<u>75,000</u>	<u>75,000</u>
Total Administrative Expenses Payable	<u>2,936,601</u>	<u>1,973,842</u>

11. CONTRIBUTIONS

Description	2021 GHS	2020 GHS
Contributions Received	174,773,341	220,595,446
Contributions Receivable	85,296,285	63,414,562
Net Contribution	<u>260,069,626</u>	<u>284,010,008</u>

12. BENEFITS

Description	2021 GHS	2020 GHS
Lump Sum Benefit Paid	26,309,596	7,784,964
Lump Sum Benefit Payable	1,429,026	2,000,000
Withdrawals		
Taxes Paid on Withdrawals		
Total Benefits	<u>27,738,622</u>	<u>9,784,964</u>

13. INVESTMENT INCOME

Description	2021 GHS	2020 GHS
Interest on GOG & ESLA Bonds	340,462,128	147,461,069
Interest on Bank Securities	855,605	2,098,006
Interest on Corporate Bonds	2,403,154	62,597
Dividend Income	558,599	369,999
Other Income	964,490	910,400
Total Investment Income	<u>345,243,976</u>	<u>150,902,072</u>

14. GAINS / LOSSES ON INVESTMENT INCOME

Description	2021 GHS	2020 GHS
Gain/ (Loss) in valuation of Ordinary Share holdings	2,113,918	(616)
Gain/ (Loss) from disposal of Ordinary Share Investments	1,255	(1,083,050)
Gain/ (Loss) from valuation of holdings in Open / Closed End Funds	4,696,686	-
Gain/ (Loss) from valuation of holdings in Open / Closed End Fund Investments		
Gain / (Loss) in valuation of Treasury Bonds		
Gain / (Loss) on disposal of Treasury Bonds		
Gain / (Loss) from valuation of holdings in REITs		
Gain / (Loss) from disposal of REITs		
Gain / (Loss) in valuation/disposal of Corporate Bond		
Net Gains / (Losses) on Investment	6,811,859	(1,083,666)

15. ADMINISTRATIVE EXPENSES

Description	2021 GHS	2020 GHS
Asset Based Fees		
NPRA Fees	4,196,465	2,779,636
Scheme Administrator Fees	5,086,625	3,369,256
Pension Fund Managers Fees	3,792,630	2,442,857
Pension Fund Custodians Fees	2,161,815	1,431,934
Trustees Fees	11,311,548	7,412,363
Audit Fees (Negotiated)	75,000	75,000
Total Administrative Expenses	26,624,083	17,511,045

16. NET ASSETS AVAILABLE FOR BENEFITS

	Current Year (2021)			Previous Year (2020)		
	Contribution	Net Investment Income (Cumulative)	Total	Contribution	Net Investment Income (Cumulative)	Total
	GHS	GHS	GHS	GHS	GHS	GHS
Balance as at 1 st January,	552,991,088	183,696,354	738,687,442	312,762,996	88,752,432	401,515,428
Additions	260,069,626	107,809,396	367,879,021	284,010,008	135,560,403	419,570,411
TPFA	1,204,443,362	-	1,204,443,362	943,496,420	-	943,496,420
(Deductions)	(91,153,184)	(30,700,625)	(121,853,809)	(43,781,916)	(38,616,481)	(82,398,397)
Balance as at 31 st December,	1,926,350,891	262,805,125	2,189,156,017	1,496,487,508	185,696,353	1,682,183,862

17. DEDUCTIONS

Description	2021 GHS	2020 GHS
(a) Reversal – Contribution Receivable 2020	(63,414,562)	(33,996,952)
Benefits Paid	(26,309,596)	(7,784,964)
Benefits Payable	(1,429,026)	(2,000,000)
	<u>(91,153,184)</u>	<u>(43,781,916)</u>
(b) Administrative Expenses	(26,624,083)	(17,511,045)
Brokerage Fees/Levies/Commissions	(78,561)	658,209
Discounts/(Premiums) on Bonds	(11,549,274)	(17,075,471)
Gain/(Loss) on Investments	6,811,859	2,336,909
Impairments	739,434	(7,025,084)
	<u>(30,700,625)</u>	<u>(38,616,481)</u>

18. TPFA ASSETS

	2021 GHS	2020 GHS
Market Value 31/12	592,729,633	592,429,186
Coupons Received	454,019,593	269,714,203
Investment Returns	176,163,350	86,525,463
Benefits Paid	(18,469,213)	(5,172,432)
	<u>1,204,443,362</u>	<u>943,496,420</u>

Table 9 TPFA Assets Transfer

Tenor	Securities	Issue Date	Rate	Cost/Face Value	Maturity Date
3640	GOG-BD-02/11/26-A4338-1511-19.00	14-Nov-16	19.00%	343,610,825.00	2-Nov-26
5460	GOG-BD-15/03/32-A4430-1531-19.75	3-Apr-17	19.75%	128,275,071.00	15-Mar-32
2548	GOG-BD-25/03/24-A4429-1531-19.75	3-Apr-17	19.75%	38,778,919.00	25-Mar-24
1820	GOG-BD-28/11/22-A4611-1566-17.60	4-Dec-17	17.60%	62,973,666.00	28-Nov-22
	TOTAL			573,638,481.00	

Note: These are the Running TPFA investments at cost (market value: **Ghs 592,729,633**) as at 31/12/21.

19. IMPAIRMENTS

The table below provides details of the impairment amount in the financial statements for 2021 financial year.

The outstanding receivable from PBC Limited which had been impaired in the previous year was recovered in full during the current financial year. The expected credit losses provided on the Consolidated Bank MMS were also recovered in full. These amounts have been credited accordingly.

Expected credit losses on the GT Bank, IZWE and Bayport securities have been provided for as stated below in accordance with International Financial Reporting Standards (IFRS 9).

<u>Invested Funds</u>	<u>Rate %</u>	<u>Amount</u>
GT Bank FD	1	22,252
IZWE 6 YR FXR BOND	1	5,356
BAYPORT 3 YR FXR NOTE	1	25,055
PBC Ltd. Unsecured FR		(710,000)
Consolidated Bank BD		(7,699)
Consolidated Bank BD		(74,399)
TOTAL		(739,434)

20. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Scheme has exposure to the following risks from its use of financial instruments:

- Asset/Portfolio/Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information on the Scheme's exposure to each of the risks, the Scheme's objectives, policies and processes for measuring and managing risk.

Risk Management framework

The Trustees have overall responsibility for the establishment and oversight of the Scheme's Risk Management framework. The Scheme's Risk Management policies are established to identify and analyze the risks faced by the Scheme, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. 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.

(a) Asset/Portfolio/Credit Risk

An Investment Asset Allocation Policy which is aimed at ensuring that the Trustee positions the Scheme's portfolio to amass optimal returns within the changing market environment and expectations while ensuring that the corpus, risk and performance of the investment portfolio remains relatively safe and sound, is reviewed and approved by the Board of Trustees.

The approved Statement of Investment Policy serves as the guide for all investment activities of the Scheme.

In assessing the risk inherent in the portfolio, each asset class risk is measured with a keen eye on mitigating measures and controls on the risk. The first part of the measurement exercise, is the establishment of the Expected Return on each asset class.

The second part comprises the assessment of the risk characteristics of each asset; particularly in combination with the current portfolio. The risk of the individual assets is measured in the context of the effect of their returns on the overall portfolio volatility.

The risk of financial loss to the Scheme if counterparty to a financial instrument fails to meet its contractual obligations.

(b) Liquidity risk

Liquidity risk is the risk associated with a situation where a Scheme does not have sufficient financial resources available to meet all of its obligations and commitments when they fall due, or can access them at an excessive cost.

(c) Market risk

Market Risk is the risk associated with changes in market prices, such as interest rate, equity prices and foreign exchange rates that will affect the Scheme's income or the value of its portfolio of financial instruments.

(d) Equity Price risk

Listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

(e) Interest Rate risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(f) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Scheme, processes, personnel, outsourcing, technology and infrastructure, and from external factors other than market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

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.

The COVID-19 pandemic continues to negatively impact economic activity in many Global Economies, including Ghana. Measures taken by the Government of Ghana to minimize the spread of the pandemic have led to some organizations' operations being affected positively or negatively. Therefore, Fund Managers must continue to scan the environment to minimize the negative impact of the pandemic on the Scheme's invested assets and finances.

As the SEC expects Fund Managers to clearly disclose material risks and uncertainties, we recommend that the Fund Managers of HSOPS will need to assess the impact of COVID-19 in various financial assets they have invested in on behalf of the Scheme especially the equity investments, including the risk factors, management discussion and analysis, the business valuation reports, legal proceedings, disclosure controls and procedures, internal control over financial reporting, and financial statements.

As at the date of presentation, we the Auditors of HSOPS, is not aware of any other material COVID-19 events that have occurred between the date of the statement of financial position and the date the financial statements were approved by the Trustees that are likely to affect the current year financial statements.