

Health Sector Occupational Pension Scheme

Annual Report and Financial Statements

31 December 2022

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GENERAL INFORMATION

BOARD OF TRUSTEES

Dr. Derek Amoateng (Chairman)
Mrs. Pepertual Ofori -Ampofo (Member Secretary)

SPONSOR OF THE SCHEME

Government of Ghana and Unions and Associations within
the Health Sector
Greater Accra GRNMA Secretariat
P. O. Box KB 997
Korle-Bu, Accra
Digital address: GA-220-0036

PENSION FUND CUSTODIAN

CALBank Ghana LTD
23 Independence Avenue
Accra

PENSION FUND MANAGER

Bora Capital Advisors
No.3 Dano Court,
East Legon, Accra

Delta Capital LTD
Farrar Avenue
Barnes Road
Adabraka, Accra

INDEPENDENT TRUSTEE

Mr. Andrews Doeh Agblobi
P.O Box OS 1357
Osu-Accra

ADMINISTRATOR

Enterprise Trustees LTD
Advantage Place
Mayor Road,
Ridge West, Accra

AUDITORS

AA&K Chartered Accountants
9 Justice DF Annan BP, Tesano
P. O. Box AN 18603, Accra-North

REPORT OF THE TRUSTEES

The Trustees present their report together with the financial statements of the Scheme for the year ended 31 December 2022 to its members.

Establishment, status and nature of the Scheme

The Scheme is a Defined Contribution Pension which provides Lump Sum payment of Benefits on retirement and such other ancillary to members who meet the qualifying conditions stipulated under the National Pensions Act, 2008 (Act 766). As a Defined Contribution Scheme, the conditions and returns are allotted to individual account that makes the individual bear the entire investment risk

The Health Sector Occupational Pension Scheme (HSOPS) is a mandatory contributory scheme with lump sum benefits registered under the Tier 2 Occupational Pension Scheme. It was set up in fulfilment of the provisions of the National Pensions Act, 2008 (Act 766) and its amendment Act, 2014 (Act 883) and regulations. It is a regulated scheme under the National Pensions Regulatory Authority (NPRA) as a formal sector Employer Sponsor Scheme (ESS) with certificate number NPRA/ESOPS/12022 registered in 2012.

Membership of the HSOPS

The scheme membership is open to all employees in the Health Sector, both employees on the Controller and Accountant General's Department payroll and the temporary staffs in public and private sectors at the date of commencement. By public, it means sections of the workers employed by the central Government and are paid through the Controller and Accountant General's Department while the private are those workers not on the Government's payrolls, but are paid through the Internally Generated Funds (IGFs). Thus, the HSOPS constitute a membership of different employers.

The Scheme is tax exempt under the National Pensions Act, 2008 (Act 766) and any amendments made in it thereafter. The Scheme's activities are bound by the 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 Governing rules of the Scheme. The Trustees of the Scheme are ultimately responsible for the Scheme and the responsibility of the Scheme is established by the Trust Deed and Scheme Governing rules approved in 2012. The Scheme Governing rules and the Trust Deed both of which are subject to the Act 766 form the basis of establishing the Scheme.

Scheme membership statistics

Table 1 provides the Scheme’s membership statistics for the year under review. In total, the Scheme membership grew from 174,959 to 205,494 predominantly due to new employees and other members porting into the Scheme.

Table 1: Scheme membership statistics

Description	Number at beginning of period	Additions	Withdrawals	Number at and of the period
Active members	174,959	31,612	1,077	205,494

INVESTMENT REPORT

I. Statement of investment principles

We the Trustees, attest that the Scheme funds have been invested with the objective of obtaining safe and fair returns in accordance with the National Pensions Act, 2008 (Act 766). We confirm that there has been full compliance with the prohibitions on investments which include but not limited to the 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 exist 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 the funds of the Scheme is diversified to minimize investment risk. Under the Act, pension fund and assets are to be invested in permitted investments in accordance with 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	2 nd Tier Occupational Pension Scheme
Time Horizon	10 Plus Years
Nominal Expected Returns	Equal to 150 basis points over the Government of Ghana 364 Day Treasury Bills , Two-year Treasury Notes, and Ghana Stock Exchange Composite Index.
Expected Real Return	A real expected return of 3.25%
Primary objective	Principal preservation and moderate growth
Risk Tolerance	Moderate risk

Evaluation Benchmark

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

- 5% Ghana Stock Exchange composite index
- 35% Three Sixty four (364) day Treasury-bill.
- 60% Two year Government of Ghana (GoG) Treasury notes.

Investment report – continued

Goal

The goal of the Fund is to achieve a Total Rate of Return sufficient to provide generous current distributions to the Funds beneficiaries and to allow for the growth necessary to increase future benefits. In pursuance of the requirements of the National Pension Act, 2008 (Act 766) Section 153 (4), the Trustee of the Scheme shall maintain assets of different 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 Three Sixty Four Days (364) Treasury bills Government of Ghana Treasury note plus 150 percentage point basis (1.5%) with a view to minimizing the exposure of the principal 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 Agreements (Repos) issued by 'universal' banks and creditworthy firms.

Government of Ghana Bonds

The Government of Ghana (GoG) bonds is the next class of assets the Scheme's investment is held in. The investment objective is to earn higher than the GoG investment Treasury note plus (1.5%) or 150 percentage point basis (i.e to maximize interest income). The underlying investment vehicles are Government notes, Bonds and Treasury Bills.

Local Government and Local Statutory Bonds

These are securities that are issued by the Local Government and Local Statutory Agencies such as COCOBOD, Energy Sector Levies Authorities and GETFund Daakye Bonds.

Corporate Bonds

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

Equities

Equities are the other asset class that the Scheme's investments are held. The objective of the Equity securities is to achieve capital appreciation over the long term and dividend through diversified investment through equities where higher rates of return is usually available. The minimum benchmark is the Ghana Stock Exchange Composite Index.

Investment report – continued

Collective Investment Schemes

Another asset class the Scheme invests in is the Collective Investment Scheme (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 the 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. 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 Fund 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 rate 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 Allocation

A total bank balance of GHS 21,350,938 was held as at 31 December 2022. This, when added to the Net Asset Value under management, results in a total amount of GHS 2,964,629,252 as of the end of the year under review. The total asset allocation as at 31 December 2022 was GHS 2,743,534,042 as illustrated in Table 2 below.

The total Temporary Pension Fund Account (TPFA) stood at GHS1,394,935,954. (See Note 18 for details) at the end of the year. The running TPFA amount of GHS529,051,603 in the form of bonds, with various maturities held with the Central Securities Depository.

The Scheme achieved a total gross investment return of GHS447,632,338 (i.e. 21.70%) in 2022 compared to GHS345,243,976 (21.25%) held in the year 2021.

Investment report – continued

Table 2. Investment Allocation

Asset type	Maximum Allocation	Actual Allocation	Investment income Earned	Value as at year ended 31 December 2022	Value as at year ended 31 December 2021
	%	%	GHS	GHS	GHS
Government of Ghana Bonds	75	61.93	338,927,057	1,699,206,822	917,421,823
Local Government & Statutory Agencies bonds		15.57		427,134,051	559,791,911
Corporate Bonds/ other Debts (REITs)	30	1.44	7,231,516	39,484,950	3,983,529
Bank Securities	35		1,549,080	-	2,202,953
Listed Equities	10	0.47	1,645,464	13,009,519	8,825,759
Collective Investment Securities	5	1.31	-	35,647,097	33,393,843
TPFA		19.28	98,279,219	529,051,603	592,729,633
Total		100%	447,632,336	2,743,534,042	2,118,349,451

FINANCIALS

The Statement of Changes in Net Assets Available for Benefits as presented on page 17-shows an increase in Net Assets Available for the year as GHS699,663,397 (2021: GHS241,328,527) and the Statement of Net Assets Available for Benefits on page 16 shows the Scheme's Net Assets as at 31 December 2022 amounting to GHS2,806,819,942 subject to confirmation of the TPFA balance upon completion of the reconciliation exercise by the NPRA.

EXPENSES

All expenses of the Scheme are charged against the Scheme. We confirm that expenses charged and deducted from the Scheme's 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. See Table 3 for details.

Table 3: Expenses

Asset type	Maximum Rate	Actual Rate Negotiated	Charges as at 31 December 2022	Charges as at 31 December 2021
	% p.a	% p.a	GHS	GHS
NPRA fees	0.33	0.33	6,006,977	4,196,465
Scheme Admin Fees	1.33	0.40	7,281,184	5,086,625
Trustee fees		0.93	16,928,753	11,311,548
Pension Fund Manager fees	0.56	0.30	5,441,257	3,792,630
Pension Fund Custodian fees	0.28	0.17	3,094,503	2,161,815
Audit fees	Negotiable	Negotiated	40,000	75,000
Total	2.5	2.13	38,792,674	26,624,083

BENEFITS

Within a year, a total amount of GHS 15,388,021.19 were paid as lump sum to members who retired, ported and as benefits death claims in only 2022 (seeas Table 4 (b)). These payments were made using the provisional TPFA figures and 100% contribution received with accrued interest on behalf of the members. It must be noted that these payments is a subset of the total benefits paid to all members whose retirement date of birth were before 2022 amounting to GHS 29,634,292 in table 4 (a).

Table 4 (a) : Benefits

Year/ Type of Benefits	Number		Amount GHS	
	2022	2021	2022	2021
Early Retirement	14	35	317,466	566,202
Death	107	66	1,776,185	969,651
Retirement	1,257	776	27,383,156	16,395,519
1% Refund	-	317	-	579,176
Emigration	1	-	3,556	-
Porting	17	6	153,929	14,084
Total	1,395	1,200	29,634,292	18,524,632

Table 4 (b): Benefits for only 2022 retirees

	Number	Amount GHS
Early Retirement	1	23,426
Early Retirement_Withdrawal	1	31,345
Porting	1	26,168
Retirement	24	526,636
Retirement Withdrawal	572	14,780,446
Total	599	15,388,021

TRUSTEES

There were no changes in the composition of the Board in the year under review as in Table 5.

Table 5: Trustees

Licence number	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. Aglobi	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	Deputy Secretary	May 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 Akankurugu	Member	June 2016
NPRA 18086	Solomon Osei-Gyamera	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 defined duties and functions of the Trustees. The committees are Investment, Education and Benefits.

Investment committee

The Investment Committee is a seven (7) member Trustees only the invests the Scheme's assets. The committee meet each month with other Service Providers to evaluate the monthly investments. 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 below constitute the membership of the committee and the number of times each member has attended meetings held in the year.

Table 6: Investment committee

Trustees	Role	Number of meetings held	Number of meetings attended
Dr. Derek Amoateng	Chairman	10	10
Solomon Osei Gyamerah	Vice Chair	10	10
Peter Obiri-Yeboah	Secretary	10	9
Andrews Agblobi	Independent Trustee	10	10
Grace Opong Dolphy	Member	10	10
Franklin Owusu-Ansah	Member	10	10
Dr. Justice Yankson	Member	10	10

Education Committee

The Education Committee is responsible for the educational activities of the Scheme's members and management of the Scheme's website. The Education Committee undertook a number of training sessions with members in the year under review. Training materials were developed as well as meetings held in the year under review. The membership of the committee and the number of meetings attended by members are indicated in the table below:

Table 7: Education committee

Trustee	Role	Number of meetings held	Number of meetings attended
Perpetual Ofori Ampofo	Chairperson	6	6
Franklin Owusu Ansah	Secretary	6	6
Peter Obiri-Yeboah	Member	6	6
Emmanuel Appiah	Member	6	6
Alexander Kwaku Kyei	Member	6	5
Gaetan Charles Adangabey	Member	6	6
Oscar Kum Amisah	Member	6	6

Benefit Committee

The Benefits Committee is a seven (7) member Committee that is responsible for the payment of benefits. The committee has developed a Benefit payment policy that contains a 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 held are indicated in the table below:

Table 8: Benefit Committee

Trustee	Role	Number of meetings held	Number of meetings attended
Dr. Derek Amoateng	Chairman	5	5
Andrews Agblobi	Vice Chairman	5	5
Dr. Justice Yankson	Secretary	5	5
Perpetual Ofori Ampofo	Member	5	4
David Tenkorang-Twum	Member	5	5
Dr. Opoku Adusei	Member	5	4
Hamidu Adakurugu	Member	5	5

Annual General Meeting (AGM)

The Board of Trustees held the Scheme's maiden Annual General Meeting (AGM) with its members and all stakeholders on 19th October 2022. Dignitaries who participated in the AGM included the Director General of Ghana Health Service (GHS), Dr Patrick Kuma-Aboagye, the Deputy Minister of Employment and Labour Relations (MELR), Hon. Bright Wireko- Brobbey, and the Deputy Minister of Health, Hon. Tina Gifty Naa Ayale Mensah. On behalf of the Minister of MELR, Hon. Wireko-Brobbey applauded the Board of Trustees as the first public sector Tier 2 Scheme to hold such an AGM since the start of the 3-Tier Pension system in 2010. He stressed that the event would enhance accountability and promote transparency between the Board of Trustees and members. Also, on behalf of the Minister of Health, Hon. Tina Mensah used the occasion to admonished members of the Scheme to save money now as their savings will save them when they retire.

The AGM offered the members and stakeholders the opportunity to interact directly with the Board of Trustees through the questions and answers. Members had the opportunity to ask questions ranging from the protection of the value of their benefits, investment returns, TPFA, and member updates. The Board of Trustees also used the occasion to address all the questions and clarified issues to members. Members and all participants were grateful for the blended nature of the AGM (both in-person and online). The programme was featured on selected radio stations and reported on TV news stations nationwide.

Statutory Requirement

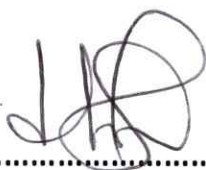
The Trustees have complied with the regulatory requirement of the National Pension Act, 2008 (Act 766), Regulations made under it, Guidelines and Board Directives that have been issued.

Auditors

AA&K Chartered Accountants, hereby indicate their willingness to continue in office for the ensuing year.

ON BEHALF OF THE BOARD OF TRUSTEES

Dr. Derek Amoateng
(Chairman)



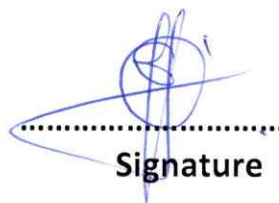
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Signature

28/4/2023

.....
Date

Andrews D. Aglobi
(Independent Trustee)



.....

Signature

28/04/2023

.....
Date

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 accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with the International Financial Reporting Standards and the requirement 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 occur.

The Trustees accepts responsibilities for the annual financial statements, which have been prepared using the appropriate accounting policies supported by the reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in a 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 Health Sector Occupational Pension Scheme.

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

Opinion

We have audited the annual financial statements of Health Sector Occupational Pension Scheme, which comprise the statement of Net Assets Available for Benefits as at 31 December, 2022, and the Statement of Changes in Net Assets Available for Benefits, Statement of Movement in Net Assets Available for Benefits and Statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 16 to 36.

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) and other independence requirements applicable to performing audits of the Health Sector Occupational Pensions Scheme. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Health Sector Occupational Pensions Scheme. 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 judgement, were of most significance in our audit of the financial statements for 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, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
Valuation of investments	
Financial assets held at amortised costs formed about 73.91% of the Scheme's total asset balance. These investments are held in a business model in return for contractual cashflows over the period.. There is the risk of misstating asset balances due to errors in computation and bias in the amortization process.	<p>We assessed the design and operating effectiveness of internal controls on investment assets recorded for the year.</p> <p>We reviewed the underlying information and records used in the computation of the asset balances recorded and traced them to the source documents for accuracy of data input.</p> <p>We re-computed the investment valuation and the related interests balances recorded for accuracy.</p> <p>We reviewed the appropriateness of authorization and approval of the financial assets held at amortized cost balances recorded and reported for the year.</p>
This is indicated in note 3.4 and note 7 respectively of the financial statements.	We checked for adequacy of disclosures in the notes to the financial statements in accordance with IAS 1.

Other information

The Trustees are responsible for the other information. The other information comprises the Trustees' Report as required by the National Pensions Act, 2008 (Act 766) and the Occupational and Personal Pension (General) Regulations, 2011, (L.I. 1990). The other information 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 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 on the other information attached prior to date of the audit report, 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 and fair presentation of the financial statements 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), 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.

Those charged with governance are responsible for overseeing the Scheme's financial reporting processes.



Auditor's responsibilities for the audit of the financial statements

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

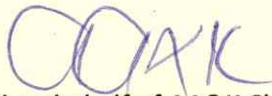
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

In our opinion, the financial statements present fairly, in all material respects, the Net Assets available for Benefits of Health Sector Occupational Pension Scheme as at 31 December, 2022, and of the Changes in Net Assets available for Benefits, and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the National Pensions Act, 2008 (Act 766) and the Occupational and Personal Pension (General) Regulations, 2011, (L.I. 1990).

Prior year audit

The financial statements of the Scheme for the year ended 31 December 2021 were audited by an independent Auditor who expressed an unqualified opinion on those statements dated 22 April 2022.

The engagement partner on the audit resulting in the independent auditor's report is John Defortse (ICAG/P/1014)



For and on behalf of AA&K Chartered Accountants (ICAG/F/2023/1014)

9 Justice DF Annan BP, Tesano

P. O. Box AN 18603,

Accra - North

Date: 28/04/2023

**HEALTH SECTOR OCCUPATIONAL PENSION SCHEME
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
31 DECEMBER 2022**

	Note	2022 GHS	2021 GHS
Bank balances and cash	4	21,350,938	1,425,182
Financial assets held at amortised cost	5	2,047,333,151	1,471,850,942
Quoted equity instruments held at fair value through Profit or Loss.	6	13,009,519	8,825,759
Financial assets held at fair value through profit or loss	7	35,647,097	33,393,843
Temporary Pension Fund Account		529,051,603	592,729,633
Receivables	8	<u>165,365,616</u>	<u>85,296,285</u>
Total assets		<u>2,811,757,924</u>	<u>2,193,521,644</u>
Benefits payable	9	475,599	1,429,026
Administrative expenses payable	10	<u>4,480,383</u>	<u>2,936,601</u>
Total liabilities		<u>4,955,982</u>	<u>4,365,627</u>
Total assets less liabilities		<u>2,806,819,942</u>	<u>2,189,156,017</u>
Represented by			
Net assets available for benefits		<u>2,806,819,942</u>	<u>2,189,156,017</u>

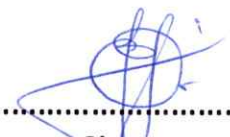
The Financial Statements on pages 20 to 36 were approved by the Trustees on 27 April 2023. and were signed on their behalf by:

**Dr. Derek Amoateng
(Chairman)**


.....
Signature


.....
Date

**Andrews D. Agblobi
(Independent Trustee)**


.....
Signature


.....
Date

The notes on pages 20 to 36 form an integral part of the financial statements.

HEALTH SECTOR OCCUPATIONAL PENSION SCHEME
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
31 DECEMBER 2022

	Note	2022 GHS	2021 GHS
Dealings with member Contributions	11	367,726,878	260,069,606
Less: Benefits	12	<u>(30,091,885)</u>	<u>(27,738,622)</u>
A Net additions from dealings with members		337,634,993	232,330,984
Returns on investment			
Investment income	13	447,632,337	345,243,976
Less: Brokerage fees and commission		(151,856)	(78,561)
Transfer to TPFA assets		(63,678,031)	(237,434,580)
B Net investment income		383,802,451	107,730,835
C Net gain/ loss on investment income	14	7,763,893	2,115,173
D Administrative expenses	15	(38,792,674)	(26,624,083)
E (Discounts) /premiums on Bonds		9,416,603	(11,549,274)
Less: Contributions receivable – 2020		-	(63,414,562)
F Impairments		<u>161,860</u>	<u>739,434</u>
Increase/ (Decrease) in Net Assets for the year		<u>699,663,397</u>	<u>241,328,527</u>

The notes on pages 20 to 36 form an integral part of the financial statements

HEALTH SECTOR OCCUPATIONA PENSION SCHEME
STATEMENT OF MOVEMENT IN NET ASSETS AVAILABLE FOR BENEFITS
31 DECEMBER 2022

	2022	2021
	GHS	GHS
Net assets available for benefits as at 1 January	709,967,335	738,687,442
Increase in Net Assets Available for Benefits	699,663,397	241,328,527
TPFA	1,394,935,954	1,204,443,363
Fair value reserve	<u>2,253,256</u>	<u>4,696,686</u>
Net Assets Available for Benefits as at 31 December	<u>2,806,819,942</u>	<u>2,189,156,018</u>

The notes on pages 20 to 36 form an integral part of the financial statements

HEALTH SECTOR OCCUPATIONA PENSION SCHEME
STATEMENT OF CASHFLOWS IN NET ASSETS AVAILABLE FOR BENEFITS
31 DECEMBER 2022

	2022	2021
	GHS	GHS
Increase in net Assets for the year	699,663,397	241,328,527
Adjusted for :		
Fair value on open/ closed end funds	(10,017,149)	(8,352,816)
Interest received	(334,030,289)	(263,583,270)
Commissions paid	151,168	78,561
ECL	164,704	739,434
Discount/ premium on investments	(9,416,603)	11549274
Transfer to TPFA assets	63,678,031	237,434,580
Cash flow from operating activities	410,193,259	219,194,290
Increase/ (Decrease) in Administrative expense payable	1,543,782	962,759
Increase/ (Decrease) in benefits and other accounts payable	(114,576,414)	22,854,889
Increase/ (Decrease) in contributions and other accounts receivable	(50,559,040)	(103,542,429)
Increase/ decrease in other movement in net assets available for benefits	(74,235,580)	15,672,556
Net Cash generated from operating activities	172,366,008	155,142,064
Purchase of treasury bills	(680,614,922)	(573,199,709)
Purchase of ordinary shares	(6,000,000)	(1,240,000)
Purchase of Money Market Securities	(315,000)	(2,000,000)
Purchase of Corporate bonds	(8,712,169)	(31,018,737)
Proceeds from Disposal of Treasury bills	203,915,329	170,249,858
Proceeds from Disposal of Ordinary Shares	1,816,240	100,778
Proceeds from Disposal of Money Market Securities	2,540,101	15,057,326
Proceeds from Disposal of Corporate bonds	1,051,047	-
Interest received	334,030,289	263,583,270
Commissions paid	(151,168)	(78,561)
Net Cash used in Investing Activities	(152,440,253)	(158,545,775)
Net increase/ Decrease in Cash and Cash equivalents	19,925,755	(3,403,711)
Cash and cash equivalent as at 1 January	<u>1,425,182</u>	<u>4,828,893</u>
Cash and cash equivalent as at 31 December	4 <u>21,350,937</u>	<u>1,425,182</u>

The notes on pages 20 to 36 form an integral part of the financial statements

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:

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 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 are significant to the fair value measurement.

2.6 Comparatives

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 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 SIGNIFICANT ACCOUNTING POLICIES

3.2. Contributions

Contributions are recognized in the period in which they fall due. The Contributions are in compliance with rates as per the National Pensions Act, 2008 (Act 766) and the Scheme Governing Rules.

3.3 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.

3.3 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.

3.4 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. Financial Assets Held at Amortised Cost

A financial asset is classified as held at amortised cost if they are non-derivative financial assets with fixed or determinable payments and fixed maturity. In determining the classification of financial assets to the above class, two test criteria are applied;

- a) **Business model test:** The objective of the entity's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).
- b) **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. The Trustees have assessed the business model of the Pension Scheme and cash flow characteristics of its fixed income investments and elected to classify all fixed income instruments under amortised cost.

ii. Designated Financial Assets at Fair Value through Profit or Loss (FVTPL)

Fair value through profit or loss is the classification of instruments that are held for trading or for which the entity's business model is to manage the financial asset on a fair value basis i.e. to realise the asset through sales as opposed to holding the asset to collect contractual cash flows. 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. The trustees have elected to classify all investments in equity under FVTPL.

b. Investment Held at Amortised Cost

Investments held at amortised cost are non-derivative financial assets with fixed or determinable payments and fixed maturity. In determining the classification of financial assets to the above class, two test criteria are applied;

c. Initial Recognition of Financial Asset

Purchase and sales of financial assets held at fair value through profit or loss 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.

d. Subsequent Measurement of Financial Asset

Financial Assets classified as fair value through profit or loss are subsequently measured at fair value with the resulting changes recognized in the Statement of Changes in Net Assets.

e. De-recognition

Financial assets are derecognized 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.

f. 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.

Financial liabilities

Financial liabilities measured at fair value through profit or loss (FVPL)

A financial liability is measured at FVPL if it meets the definition of held for trading. Financial liabilities measured at amortised cost. This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Trustees includes in this category other short-term payables

Financial liabilities - continued

Impairment of financial assets

The Scheme holds only trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade receivables. Therefore, the Scheme does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date.

The Scheme's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The Scheme uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns.

Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

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 recognised 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 recognised, 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.

Financial liabilities - continued

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 recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the Statement of Changes in Net Assets.

3.5 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.

3.6 Cash and Cash Equivalents

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

3.7 Changes in accounting policies and disclosures

New and amended standards and interpretations

The Scheme applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018. The nature and the impact of each new standard and amendment is described below:

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
 - A simplified approach (the premium allocation approach) mainly for short-duration contracts
- IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not applicable to the Scheme.

3.7 Changes in accounting policies and disclosures - continued

New and amended standards and interpretations - continued

Amendments to IAS 1: Classification of Liabilities as Current or Non-current.

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Scheme's financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Scheme is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

3.7 Changes in accounting policies and disclosures - continued

New and amended standards and interpretations - continued

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

This is not applicable to the Scheme.

4. Bank balance and cash

	2022 GHS	2021 GHS
Cal Bank	21,306,944	1,425,182
GCB bank	<u>43,994</u>	-
Total	<u>21,350,938</u>	<u>1,425,182</u>

5. Financial assets held at amortised cost

	2022 GHS	2021 GHS
Bank deposits	-	2,225,205
Government Bonds	1,584,366,250	837,004,578
Local Government and Statutory Body bonds	39,285,149	640,209,156
Corporate bonds	414,479,685	4,013,941
Government of Ghana discounts /(premium)	<u>9,416,603</u>	<u>(11,549,774)</u>
Gross investment value	2,047,547,687	1,471,903,106
Expected Credit Loss	<u>(214,536)</u>	<u>(52,664)</u>
Net investment value	<u>2,047,333,151</u>	<u>1,471,850,942</u>

6. Quoted equity instruments held at fair value through Profit or Loss.

	2022	2021
	GHS	GHS
Listed entities	<u>13,009,519</u>	<u>8,825,759</u>
Total	<u>13,009,519</u>	<u>8,825,759</u>

7. Financial assets held at fair value through profit or loss

	2022	2021
	GHS	GHS
Mutual Funds	<u>35,647,097</u>	<u>33,393,843</u>
Total	<u>35,647,097</u>	<u>33,393,843</u>

8. Receivables

The contributions outstanding as at year end is analysed in the table below:

	2022	2021
	GHS	GHS
Less than 30 days	<u>19,024,106</u>	17,059,257
Between 31 and 90 days	<u>37,480,391</u>	51,177,771
Over 90 days	<u>108,861,119</u>	<u>17,059,257</u>
Total	<u>165,365,616</u>	<u>85,296,285</u>

9. Benefits payable

	2022	2021
	GHS	GHS
Lump sum payables	<u>457,599</u>	<u>1,429,026</u>
Total	<u>457,599</u>	<u>1,429,026</u>

10. Administrative expenses payable

Asset based fees	2022	2021
	GHS	GHS
NPRA Fees	1,141,633	421,108
Trustee and Administrator Fees Payable	2,357,361	1,754,358
Pension Fund Manager Fees Payable	615,069	469,198
Pension Fund Custodian Fees Payable	301,320	216,937
Audit Fees Payable	<u>65,000</u>	<u>75,000</u>
Total	<u>4,480,383</u>	<u>1,429,026</u>

11. Contributions

	2022	2021
	GHS	GHS
Contributions received	202,361,262	174,773,341
Contributions receivable	<u>165,365,616</u>	<u>85,296,285</u>
Total	<u>367,726,878</u>	<u>260,069,626</u>

12. Benefits due

	2022	2021
	GHS	GHS
Lump sum payment made	29,634,292	26,309,596
Lump sum payable	<u>457,599</u>	<u>1,429,026</u>
	<u>30,091,891</u>	<u>27,738,622</u>

13. Investment income

	2022	2021
	GHS	GHS
Interest on Government of Ghana and ESLA	338,927,057	340,462,128
Interest in bank securities	1,450,030	855,605
Interest on Corporate Bonds	7,231,516	2,403,154
Dividend income	1,645,464	558,559
Interest on money market securities	99,050	964,490
Returns on TPFA	<u>98,279,220</u>	<u>-</u>
Total	<u>447,632,337</u>	<u>345,243,936</u>

14. Net gain/ loss on investment income

	2022	2021
	GHS	GHS
(Loss)/ gain on disposal of ordinary share holdings	(1,649,873)	2,113,918
Loss in valuation of ordinary share holdings	-	1,255
Gain in Government of Ghana investments	<u>9,413,766</u>	<u>-</u>
Total	<u>7,763,893</u>	<u>2,115,173</u>

15. Administrative expenses

	2022	2021
	GHS	GHS
NPRA fees	6,006,977	4,196,465
Scheme administrator fees	7,281,184	5,086,625
Pension Fund Managers fees	5,441,257	3,792,630
Pension Fund Custodian fees	3,094,503	2,161,815
Trustees Fees	16,928,753	11,311,548
Audit fees	<u>40,000</u>	<u>75,000</u>
Total	<u>38,792,674</u>	<u>26,624,083</u>

16. Net assets available for benefits

	2022			2021		
	Contribution GHS	Net Investment Income (Cumulative) GHS	Total GHS	Contribution GHS	Net Investment Income (Cumulative) GHS	Total GHS
Balance as at 1st January	447,162,210	262,805,125	709,967,335	552,991,088	185,696,354	738,687,442
TPFA	1,394,935,954	-	1,394,935,954	1,204,443,363	-	204,443,362
Additions	367,726,870	383,650,595	751,377,465	260,069,626	107,809,396	67,879,022
(Deductions)	<u>(30,091,885)</u>	<u>(19,368,927)</u>	<u>(49,460,812)</u>	<u>(91,153,184)</u>	<u>(30,700,625)</u>	<u>(853,809)</u>
Balance as at 31st December	<u>2,179,733,149</u>	<u>627,086,793</u>	<u>2,806,819,942</u>	<u>1,926,350,893</u>	<u>262,805,125</u>	<u>2,189,156,017</u>

17 Deductions

	2022 GHS	2021 GHS
Reversal – contributions	-	63,414,562
Benefits paid	29,634,285	26,309,596
Benefits payable	<u>457,599</u>	<u>1,429,026</u>
	30,091,884	91,153,184
Administrative expenses	38,792,675	26,624,083
Brokerage fees/ contributions	(151,856)	78,561
Discounts/ premiums on bonds	(9,416,603)	11,549,274
Gains/ losses on investments impairment	(10,017,149) <u>161,860</u>	(6,811,859) <u>(739,434)</u>
	<u>19,368,927</u>	<u>30,700,625</u>

18. TPFA Asset

	2022 GHS	2021 GHS
Market value	529,051,602	592,729,633
Coupons received	618,804,540	454,019,593
Investment returns	282,860,816	176,163,350
Benefits paid	<u>(35,781,004)</u>	<u>(18,469,213)</u>
	<u>1,394,935,954</u>	<u>1,204,443,363</u>

Table 9: TPFA Assets Accounts

Tenor	Securities	Issue Date	Rate	Cost/ Face value	Maturity Date
1402	GOG-BD-02/11/26-A4338-1511- 19.00	14-NOV-2016	19.00%	343,610,825	02-NOV-2026
3362	GOG-BD-15/03/32-A4430-1531- 19.75	03-APR-2017	19.75%	128,275,071	15-MAR-2032
450	GOG-BD-25/03/24-A4429-1531- 19.75	03-APR-2017	19.75%	<u>38,778,919</u>	25-MAR-2024
				<u>510,664,815</u>	

These are the prevailing TPFA investments at cost (market value: GHS 529,051,602) as at 31 December 2022

19. IMPAIRMENTS

The table below provides details of the impairment amount in the financial statements for 2022 financial year.

The Expected Credit Losses on the Bayport and IZWE securities have been provided as stated below in accordance with International Financial Reporting Standards (IFRS 9).

Invested funds	Amount
	GHS
BAYPORT 3YR FXR note	54,201
IZWE 6 YR FXR BOND	26,376
IZWE 3 YR FXR BOND	<u>133,842</u>
	<u>214,419</u>

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.

Risk Management framework - continued

(a) Asset/Portfolio/Credit Risk - continued

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.

I. Equity Price risk

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

II. 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.

(d) 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

On 5th December 2022, the Ghana government announced a decision to default on its Euro bonds and domestic notes/bonds which proved a rather unstable in the financial and investment environment with severe repercussions for investors. A decision was undertaken by the government to exempt investments under tier 2 schemes from the Domestic Debt Exchange Programme (DDEP). A letter from the Ministry of Finance dated 7 April 2023 proposes a revision to the DDEP which is to include Pension Funds in the DDEP. In the event that this proposal is promulgated, this could significantly impact the recoverable amounts of the investment balances reported as of year end.