

# Health Sector Occupational Pension Scheme

Annual report

31 December 2023

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GENERAL INFORMATION

**BOARD OF TRUSTEES**

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

**SPONSOR OF THE SCHEME**

GoG and Unions and Associations within the Health Sector  
Greater Accra GRNMA Secretariat  
P. O. Box KB 997  
Korle-Bu, Accra  
Digital address: GA-220-1036

**PENSION FUND CUSTODIAN**

CAL  
Bank Ghana LTD  
23 Independence Avenue  
Accra

**PENSION FUND MANAGER**

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

Delta Capital LTD  
Farrar Avenue  
Barnes Road  
Adabraka, Accra

**INDEPENDENT TRUSTEE**

Dr. 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 Trustee present their report together with the financial statements of the Scheme for the year ended 31 December 2023 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 contributions 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 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 membership of the scheme is open to all employees in the Health Sector, both in the public and private sectors. 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) such as the casuals and contract staffs employed in the Health sector.

The Scheme is a 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 by the regulator 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 205,494 to 227,541 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 end of the period
Active members	205,494	23,857	1,387	227,964

**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.

<b>Type of Scheme</b>	2 <sup>nd</sup> Tier Occupational Pension Scheme
<b>Time Horizon</b>	10 Plus Years
<b>Nominal Expected Returns</b>	Equal to 150 basis points over the Government of Ghana 364 Day Treasury Bills, Two-year Treasury Notes, and Ghana Stock Exchange Composite Index.
<b>Expected Real Return</b>	A real expected return of 3.25%
<b>Primary objective</b>	Principal preservation and moderate growth
<b>Risk Tolerance</b>	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 Scheme is to achieve a Total Rate of Return sufficient to provide generous current distributions to the Schemes 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 GoG 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 large creditworthy firms.

### **Government of Ghana Bonds**

The Government of Ghana 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 variable assets class that the Scheme's investments are held. The objective of the Equity securities is to achieve capital appreciations and dividend payments over the long term through diversified the higher rates of return available. The minimum benchmark is the Ghana Stock Exchange Composite Index.

## **Investment report – continued**

### **Collective Investment Schemes**

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 18,666,971 was held as at 31 December 2023. This, when added to the Net Asset Value under management, results in a total amount of GHS 3,944,918,056 as of the end of the year under review. The total asset allocation as at 31 December 2023 was GHS 3,623,197,061 as illustrated in Table 2 below.

The total Temporary Pension Fund Account (TPFA) stood at GHS 1,889,807,089. (See Note 19 for details) at the end of the year. The running TPFA amount of GHS 674,053,791 in the form of bonds, with various maturities held with the Central Securities Depository.

The Scheme achieved a total gross investment return of GHS 832,408,540 (i.e. 32.4%) compared to GHS 447,632,338 (29.68%) held in the year 2022.

Investment report – continued

**Table 2. Investment Allocation**

Asset type	Maximum Allocation	Actual Allocation	Investment income Earned	Value as at year ended 31 December 2023	Value as at year ended 31 December 2022
	%	%	GHS	GHS	GHS
GoG Bonds	75/25	62.17/10.84	808,779,318	<b>2,252,523,684</b>	1,699,206,822
Local Gov't & Sta. Agencies bonds				<b>392,832,203</b>	427,134,051
Corporate Bonds/ other Debts (REITs)	30	1.2	8,391,873	<b>43,555,159</b>	39,484,950
Bank Securities	35	2.3	4,244,692	<b>83,892,824</b>	-
Listed Equities	10	3.82	6,198,672	<b>138,553,233</b>	13,009,519
Collective Investment Securities	5	1	-	<b>37,786,167</b>	35,647,097
TPFA		18.6	-	<b>674,053,791</b>	529,051,603
<b>Total</b>			<b>827,614,555</b>	<b>3,623,197,061</b>	<b>2,743,534,042</b>

## 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 GHS 1,057,089,166 (2022: GHS 699,663,397) and the Statement of Net Assets Available for Benefits on page 16 shows the Scheme's Net Assets as at 31 December 2023 amounting to GHS 3,908,600,194 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 2023	Charges as at 31 December 2022
	% p.a.	% p.a.	GHS	GHS
NPRA fees	0.33	0.33	<b>8,558,799</b>	6,006,977
Scheme Admin Fees	1.33	0.4	<b>10,374,302</b>	7,281,184
Trustee fees		0.93	<b>24,120,251</b>	16,928,753
Pension Fund Manager fees	0.56	0.3	<b>7,707,262</b>	5,441,257
Pension Fund Custodian fees	0.28	0.17	<b>4,409,078</b>	3,094,503
Audit fees	Negotiable	Negotiated	<b>49,732</b>	40,000
<b>Total</b>	<b>2.5</b>	<b>2.13</b>	<b>55,219,424</b>	<b>38,792,674</b>



**Investment report – continued**

**BENEFITS**

Within a year, a total amount of GHS 38,058,160 was paid as a lump sum to members who retired, ported to other Schemes, and death claims at the end of 2023 as detailed in Table 4 below. These payments were made using the provisional Temporary Pension Fund Account (TPFA) figures and 100% contributions that were made together with accrued interest that were received directly from the members. However, accumulative total of GHS94,009,156 (2022: 55,950,996.3) has been paid since inception of lump sum benefit payments in 2019.

**Table 4: Benefits**

Year/ Type of Benefits	Number		Amount GHS	
	2023	2022	2023	2022
Death	98	107	2,178,191	1,776,185
Early-retirement	18	14	252,664	317,466
Porting	38	16	425,506	153,930
Permanent emigration	5	1	51,297	3,556
Retirement	1227	939	35,139,106	27,386,339
Total incapacity	1	0	11,396	-
<b>Total</b>	<b>1387</b>	<b>1077</b>	<b><u>38,058,160</u></b>	<b><u>29,637,476</u></b>

**TRUSTEES**

The current membership of the Board of Trustees is detailed in Table 5 below. There were three changes in the composition of the Board in the year under review. The three are Mr. Jones Afriyie-Anto, Mr. Frank Raji and Ms Gifty Annakah.

**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	Dr. Andrews D. Agblobi	Independent Trustee	June 2012
NPRA 17079	Dr. David Tenkorang-Twum	Member	May 2020
NPRA 18069	Peter Ofori Yeboah	Member	February 2018
NPRA 16036	Grace Oppong Dolphy	Member	May 2016
NPRA .....	Jones Afriyie-Anto	Member	Apr 2023
NPRA 16026	Oscar Kum Amisah	Member	June 2013
NPRA 16034	Gaetan Charles Adangabey	Member	June 2012
NPRA 23042	Frank Adebayo Raji	Member	June 2023
NPRA 18086	Solomon Osei-Gyamera	Member	February 2018
NPRA 23044	Gifty Annkah	Member	June 2023
NPRA 18093	Franklin Owusu-Ansah	Member	June 2018
NPRA 18092	Alexander Kwaku Kyei	Member	June 2018

## CORPORATE GOVERNANCE

The Board of Trustees has 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 that invests the Scheme's assets. The committee meets 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 has in place. Mr. Jones Afriyie-Anto replaced Dr Justice Yankson on the Committee. The list in Table 6 below constitutes 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	11	11
Solomon Osei Gyamera	Vice Chair	11	11
Peter Ofori Yeboah	Secretary	11	11
Dr. Andrews Agblobi	Independent Trustee	11	11
Grace Opong Dolphy	Member	11	11
Franklin Owusu-Ansah	Member	11	11
Mr. Jones Afriyie -Anto	Member	11	8

### 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 as in-person and webinars in the year under review. Training materials were developed as well as meetings held in the year under review. There was one new member in the person of Ms Gifty Annakah who replaced Mr Emmanuel Appiah. 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	5	5
Franklin Owusu Ansah	Secretary	5	5
Peter Obiri-Yeboah	Member	5	5
Gifty Annkah	Member	5	4
Alexander Kwaku Kyei	Member	5	5
Gaetan Charles Adangabey	Member	5	5
Oscar Kum Amissah	Member	5	4

**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 two members of the Committee were replaced with Mr Gaetan Adangabey and Mr. Frank Raji. 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	4	4
Dr. Andrews Agblobi	Vice Chairman	4	4
Dr. David Tenkorang-Twum	Secretary	4	4
Perpetual Ofori Ampofo	Member	4	4
Gaetan Adangabey	Member	4	1
Dr. Opoku Adusei	Member	4	2
Frank Raji	Member	4	3

**Statutory requirement**

The Trustees have complied with the regulatory requirement of the National Pension Act, 2008 (Act 766), Regulations made under it, Guidelines, and NPRA 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)**

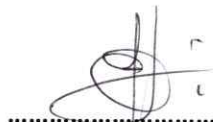


.....  
**Signature**

31/05/24

.....  
**Date**

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



.....  
**Signature**

31/05/2024

.....  
**Date**

## **STATEMENT OF TRUSTEES RESPONSIBILITIES**

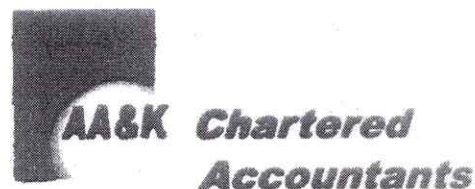
The National Pensions Act, 2008 (ACT 766) requires the Trustees to prepare financial statements for each financial year which gives a true and fair view of the financial transactions of the Scheme for the year and of the disposition at year end of its assets and liabilities. It also requires the Trustees 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.

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**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, 2023, 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 17 to 35.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Health Sector Occupational Pension Scheme as at 31 December, 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the National Pensions Act, 2008 (Act 766) 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 are independent of the company 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 Health Sector Occupational Pension 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 in Ghana. 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	We assessed the design and operating effectiveness of internal controls on investment assets recorded for the year.  We reviewed the underlying information and records used in the computation of the asset

<p>computation and bias in the amortization process.</p>	<p>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 interest 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>
<p>This is indicated in note 3.4 and note 7 respectively of the financial statements.</p>	<p>We checked for adequacy of disclosures in the notes to the financial statements in accordance with IAS 1.</p>

**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 Board of 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.

The Trustees 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. We also:

- ① 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.
- ② 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
- ③ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ④ 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.
- ⑤ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

Proper accounting records have been kept during the year ended 31 December 2022 in respect of the funds of the scheme, the scheme assets and financial transactions entered into in relation to the scheme.

The Scheme has complied with the requirements specified in the NPRA Guidelines, section 35 of the Regulations with respect to prohibited investment practices and the Guidelines on investment of pension funds.

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/2024/114)  
9 Justice DF Annan BP, Tesano  
P. O. Box AN 18603,  
Accra - North

Date: 31<sup>st</sup> MAY 2024







**HEALTH SECTOR OCCUPATIONAL PENSION SCHEME  
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS  
31 DECEMBER 2023**

	Note	2023 GHS	2022 GHS
Bank balances and cash	4	18,666,971	21,350,938
Financial assets held at amortised cost	5	2,848,608,349	2,047,333,151
Quoted equity instruments held at fair value through Profit or Loss.	6	138,553,233	13,009,519
Financial assets held at fair value through profit or loss	7	37,786,167	35,647,097
Temporary Pension Fund Account		674,053,791	529,051,603
Receivables	8	227,249,545	165,365,616
<b>Total assets</b>		<b>3,944,918,056</b>	<b>2,811,757,924</b>
Benefits payable	9	6,914	457,599
Administrative expenses payable	10	5,711,228	4,480,383
Provision for excess payment on bond coupons	11	30,599,720	-
<b>Total liabilities</b>		<b>36,317,862</b>	<b>4,955,982</b>
<b>Total assets less liabilities</b>		<b>3,908,600,194</b>	<b>2,806,819,942</b>
<b>Represented by</b>			
Net assets available for benefits		<b>3,908,600,194</b>	<b>2,806,819,942</b>

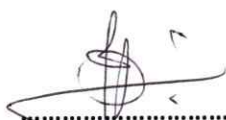
The financial statements were approved by the Board of Trustees on 31<sup>st</sup> May 2024 and were signed on their behalf by:

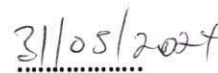
**Dr. Derek Amoateng  
(Chairman)**

  
.....  
Signature

  
.....  
Date

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

  
.....  
Signature

  
.....  
Date

The notes on pages 21 to 35 form an integral part of the financial statements.

**HEALTH SECTOR OCCUPATIONAL PENSION SCHEME**  
**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**  
**31 DECEMBER 2023**

	NOTE	2023 GHS	2022 GHS
Dealings with member Contributions	12	556,076,285	367,726,878
Less:			
Benefits	13	<u>(38,638,854)</u>	<u>(30,091,891)</u>
<b>A</b> Net additions from dealings with members		<b>517,437,431</b>	337,634,993
Returns on investment			
Investment income	14	832,408,540	447,632,337
Less:			
Brokerage fees and commission		(1,591,605)	(151,856)
Transfer to TPFA assets		-	<u>(63,678,031)</u>
<b>B</b> Net investment income		<b>830,816,934</b>	383,802,451
<b>C</b> Net gain/ loss on investment income	15	-	7,763,893
<b>D</b> Administrative expenses	16	<b>(55,219,424)</b>	(38,792,674)
<b>E</b> Discount on Bonds		<b>19,347,744</b>	9,416,603
<b>F</b> Impairments		<b><u>(199,923,217)</u></b>	<u>(161,860)</u>
Increase in Net Assets for the year		<b><u>1,112,459,468</u></b>	<u>699,663,397</u>

The notes on pages 21 to 35 form an integral part of the financial statements.

HEALTH SECTOR OCCUPATIONAL PENSION SCHEME  
STATEMENT OF MOVEMENT IN NET ASSETS AVAILABLE FOR BENEFITS  
31 DECEMBER 2023

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	<b>2023</b>	2022
	<b>GHS</b>	GHS
Net assets available for benefits as at 1 January	<b>743,245,693</b>	709,967,335
Increase in Net Assets Available for Benefits	<b>1,112,459,468</b>	699,663,397
TPFA reserve	<b>1,889,807,089</b>	1,394,935,954
Fair value reserve	<b><u>163,087,944</u></b>	<u>2,253,256</u>
Net Assets Available for Benefits as at 31 December	<b><u>3,908,600,194</u></b>	<u>2,806,819,942</u>

The notes on pages 21 to 35 form an integral part of the financial statements.

**HEALTH SECTOR OCCUPATIONAL PENSION SCHEME**  
**STATEMENT OF CASH FLOWS**  
**31 DECEMBER 2023**

	Note	2022 GHS	2022 GHS
Increase in net Assets for the year		<b>1,112,459,468</b>	699,663,397
Adjusted for:			
Fair value on open/ closed end funds		-	(10,017,149)
Interest received		<b>(638,221,263)</b>	(334,030,289)
Commissions paid		<b>1,591,605</b>	151,168
ECL		<b>199,923,217</b>	164,704
Discount/ premium on investments		<b>(19,347,744)</b>	(9,416,603)
Transfer to TPFA assets		-	63,678,031
Valuation gain/loss on financial assets		-	
<b>Cash flow from operating activities</b>		<b>656,405,283</b>	410,193,259
Increase in Administrative expense payable		<b>1,230,846</b>	1,543,782
Increase/ (Decrease) in benefits and other accounts payable		<b>30,149,042</b>	(114,576,414)
Increase/ (Decrease) in contributions and other accounts receivable		<b>(61,883,930)</b>	(50,559,040)
Increase/ decrease in other movement in net assets available for benefits		<b>89,349,498</b>	(74,235,580)
<b>Net Cash generated from operating activities</b>		<b>715,250,739</b>	172,366,007
Purchase of treasury bills		<b>(4,572,700,874)</b>	(680,614,922)
Purchase of ordinary shares		<b>(104,597,028)</b>	(6,000,000)
Purchase of Money Market Securities		<b>(160,140,267)</b>	(315,000)
Purchase of Corporate bonds		<b>(6,008,518)</b>	(8,712,169)
Purchase of collective investment scheme		<b>(5,000,000)</b>	
Proceeds from Disposal of Treasury bills		<b>3,417,786,327</b>	203,915,329
Proceeds from Disposal of Ordinary Shares		<b>76,095,998</b>	1,816,240
Proceeds from Disposal of Money Market Securities			2,540,101
Proceeds from Disposal of Corporate bonds			1,051,047
Interest received		<b>638,221,263</b>	334,030,289
Commissions paid		<b>(1,591,605)</b>	(151,168)
<b>Net Cash used in Investing Activities</b>		<b>(717,934,704)</b>	(152,440,253)
Net increase/ Decrease in Cash and Cash equivalents		<b><u>(2,683,965)</u></b>	<u>19,925,754</u>
Cash and cash equivalent as at 1 January		<b>21,350,936</b>	<u>1,425,182</u>
Cash and cash equivalent as at 31 December	4	<b><u>18,666,971</u></b>	<u>21,350,936</u>

## **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:

#### **Amendments to IFRS 16: Lease Liability in a Sale and Leaseback**

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

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 and October 2022, 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.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan

agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 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.

#### Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

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

### 4. Bank balance and cash

	2023 GHS	2022 GHS
Cal Bank	18,639,417	21,306,944
GCB bank	<u>27,554</u>	<u>43,994</u>
<b>Total</b>	<b><u>18,666,971</u></b>	<b><u>21,350,938</u></b>

**5. Financial assets held at amortised cost**

	2023 GHS	2022 GHS
Government Bonds	2,568,935,746	1,584,366,250
Local Government and Statutory Body bonds	414,914,998	414,479,685
Corporate bonds	45,547,613	39,285,149
GoG discounts	<u>19,347,744</u>	<u>9,416,603</u>
<b>Gross investment value</b>	<b>3,048,746,101</b>	<b>2,047,547,687</b>
Expected Credit Loss	<u>(200,137,752)</u>	<u>(214,536)</u>
<b>Net investment value</b>	<b><u>2,848,608,349</u></b>	<b><u>2,047,333,151</u></b>

The expected credit loss is reconciled below:

	2023 GHS	2022 GHS
Balance as at 1 January	214,536	52,676
Charge for the year	<u>199,923,216</u>	<u>161,860</u>
Balance as at 31 December	<u>200,137,752</u>	<u>214,536</u>

**6. Quoted equity instruments held at fair value through profit or loss**

	2023 GHS	2022 GHS
Listed entities	<u>138,553,233</u>	<u>13,009,519</u>
<b>Total</b>	<b><u>138,553,233</u></b>	<b><u>13,009,519</u></b>

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

	2023 GHS	2022 GHS
Mutual Funds	<u>37,786,167</u>	<u>35,647,097</u>
<b>Total</b>	<b><u>37,786,167</u></b>	<b><u>35,647,097</u></b>

## 8. Receivables

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

	<b>2023</b>	2022
	<b>GHS</b>	GHS
Less than 30 days	<b>25,248,471</b>	19,024,106
Between 31 and 90 days	<b>50,496,943</b>	37,480,391
Over 90 days	<b><u>151,504,131</u></b>	<u>108,861,119</u>
<b>Total</b>	<b><u>227,249,545</u></b>	<u>165,365,616</u>

## 9. Benefits payable

	<b>2023</b>	2022
	<b>GHS</b>	GHS
Lump sum payables	<b><u>6,914</u></b>	<u>457,599</u>
<b>Total</b>	<b><u>6,914</u></b>	<u>457,599</u>

## 10. Administrative expenses payable

	<b>2023</b>	2022
	<b>GHS</b>	GHS
Asset-based fees		
NPRA Fees	<b>864,345</b>	1,141,633
Trustee and Administrator Fees Payable	<b>3,483,568</b>	2,357,361
Pension Fund Manager Fees Payable	<b>868,175</b>	615,069
Pension Fund Custodian Fees Payable	<b>445,271</b>	301,320
Audit Fees Payable	<b><u>49,869</u></b>	<u>65,000</u>
<b>Total</b>	<b><u>5,711,228</u></b>	<u>4,480,383</u>

## 11. Provision for excess payment on bond coupons

This relates to an excess payment received from the central government during the Domestic Debt Exchange Program (DDEP). This includes cash and PIK coupons paid after the DDEP, marked up by 15% patrimonial value of the said bonds. This provision has been made to cater for future repayment to the borrower.

## 12. Contributions

	<b>2023</b>	2022
	<b>GHS</b>	GHS
Contributions received	<b>328,821,375</b>	202,361,262
Contributions receivable	<b><u>227,254,910</u></b>	<u>165,365,616</u>
<b>Total</b>	<b><u>556,076,285</u></b>	<u>367,726,878</u>

**13. Benefits due**

	<b>2023</b>	2022
	<b>GHS</b>	GHS
Lump sum payment made	<b>38,631,940</b>	29,634,292
Lump sum payable	<u><b>6,914</b></u>	<u>457,599</u>
	<u><b>38,638,854</b></u>	<u>30,091,891</u>

**14. Investment income**

	<b>2023</b>	2022
	<b>GHS</b>	GHS
Interest on GoG and ESLA	<b>808,779,318</b>	437,206,777
Interest in bank securities	<b>4,244,692</b>	1,450,030
Interest on Corporate Bonds	<b>8,391,873</b>	7,231,516
Dividend income	<b>6,198,672</b>	1,645,464
Interest on money market securities	<u><b>4,793,985</b></u>	<u>99,050</u>
<b>Total</b>	<u><b>832,408,540</b></u>	<u>447,632,837</u>

**15. Net gain/ loss on investment income**

	<b>2023</b>	2022
	<b>GHS</b>	GHS
Loss on disposal of ordinary share holdings	-	(1,649,873)
Gain in GoG investments	=	<u>9,413,766</u>
<b>Total</b>	=	<u><u>7,763,893</u></u>

**16. Administrative expenses**

	<b>2023</b>	2022
	<b>GHS</b>	GHS
NPRA fees	<b>8,558,799</b>	6,006,977
Scheme administrator fees	<b>10,374,302</b>	7,281,184
Pension Fund Managers fees	<b>7,707,262</b>	5,441,257
Pension Fund Custodian fees	<b>4,409,078</b>	3,094,503
Trustees Fees	<b>24,120,251</b>	16,928,753
Audit fees	<b><u>49,732</u></b>	<u>40,000</u>
<b>Total</b>	<b><u><u>55,219,424</u></u></b>	<u><u>38,792,674</u></u>

**17. Net assets available for benefits**

	2023			2022		
	Contribution	Net Investment Income (Cumulative)	Total	Contribution	Net Investment Income (Cumulative)	Total
	GHS	GHS	GHS	GHS	GHS	GHS
Balance as at 1st January	171,529,203	571,716,490	743,245,693	447,162,210	262,805,125	709,967,335
TPFA	1,889,807,089	-	1,889,807,089	1,394,935,954	-	1,394,935,954
Additions	556,076,285	832,408,539	1,388,484,824	367,726,870	383,650,595	751,377,465
(Deductions)	<u>(38,638,854)</u>	<u>(74,298,558)</u>	<u>(112,937,412)</u>	<u>(30,091,885)</u>	<u>(19,368,927)</u>	<u>(49,460,812)</u>
Balance as at 31st December	<u>2,578,773,723</u>	<u>1,329,826,471</u>	<u>3,908,600,194</u>	<u>2,179,733,149</u>	<u>627,086,793</u>	<u>2,806,819,942</u>



**18 Deductions**

	2023	2022
	GHS	GHS
Reversal – contributions		-
Benefits paid	38,631,940	29,634,285
Benefits payable	<u>6,914</u>	<u>457,599</u>
	<b>38,638,854</b>	30,091,884
Administrative expenses	55,219,424	38,792,675
Brokerage fees/ contributions	(1,591,605)	(151,856)
Discounts on bonds	(19,347,744)	(9,416,603)
Gains on investments	(159,904,734)	(10,017,149)
Impairment charge for the year	<u>199,923,217</u>	<u>161,860</u>
	<b><u>74,298,558</u></b>	<b><u>19,368,927</u></b>

**19. TPFA Asset**

	2023	2022
	GHS	GHS
Market value	674,053,791	529,051,602
Coupons received	661,572,994	618,804,540
Investment returns	612,771,487	282,860,816
Benefits paid	<u>(58,591,183)</u>	<u>(35,781,004)</u>
	<b><u>1,889,807,089</u></b>	<b><u>1,394,935,954</u></b>

**Table 9: TPFA Assets Accounts**

Tenor	Securities	Issue Date	Rate	Cost/ Face value	Maturity Date
1638	GOG-BD-15/02/28-A4429-1531-08.50	22 Aug 2023	8.50%	314,979,486	15 Feb 2028
1274	GOG-BD-16/02/28-A4429-1531-08.50	22 Aug 2023	8.35%	320,269,196	16 Feb 2027
				<b><u>635,248,682</u></b>	

The scheme currently has two running TPFA instruments valued at GHC 674million.

## 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.

## **20. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES – (continued)**

### **Risk Management framework – (continued)**

#### **(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.

## **21. TAX**

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

## **22. COMMITMENTS AND CONTINGENCIES**

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

## **23. EVENTS AFTER THE REPORTING PERIOD**

No events have occurred since the end of the reporting period that would have had a material effect on the financial statements or require disclosure.