



AXIS PENSION TRUST

AXIS PENSION PLAN

ANNUAL REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31ST DECEMBER, 2020

Contents

- Particulars of Service Providers / Advisors
- Chairman's Remarks
- Report of the Trustees
- Investment Report
- Independent Auditor's Report
- Statement of Net Assets Available For Benefits
- Statement of Changes in Net Assets Available For Benefits
- Statement of Movement in Changes in Net Assets Available For Benefits
- Statement of Cash flows
- Notes to the Financial Statements

PARTICULARS OF SERVICE PROVIDERS / ADVISORS

CORPORATE TRUSTEE &
SCHEME SPONSOR:

Axis Pension Trust Limited
No. 4 Ibadan Avenue, East Legon
Accra
Tel No.: 0302-543287

INDEPENDENT AUDITORS:

John Kay & Co
7th Floor, Trust Towers
Farrar Avenue, Adabraka
Accra
Tel No.: 0302235406

FUND MANAGERS:

Stanbic Investment Management Services Limited
Stanbic Height
Plot 215, South Liberation Link
Airport City, Accra
Tel No.: 0302610690

Black Star Advisors
The Rhombus, Plot 24 Tumu Avenue
Kanda Estates, Accra
Tel No.: 0302 227 698

IC Asset Managers
2nd Ridge Link, North Ridge
Accra
Tel No.: 0302765086

FUND CUSTODIAN:

Zenith Bank (Ghana) Limited
Zenith Heights
No. 31 Independence Avenue Accra
Tel No.: 0302 611500

Chairman's Report for 2020

Dear Scheme Members,

It is a delight to present the Axis Pension Plan Scheme annual report for the year ended 31st December 2020. Over the past year, many lives and livelihoods have been affected by the global pandemic, the scale of which has not been experienced since the Spanish flu pandemic over a century ago. This pandemic has exacted a horrific human toll and has upended our way of life permanently. Our heartfelt prayers goes out to the individuals and our clients who have lost loved ones, to workers in industries who have been impacted negatively. We also send our sincerest appreciation to healthcare workers and front line responders who sacrificed everything in the face of limited resources to ensure we all prevail over covid-19.

Axis Pension Trust has a fiduciary responsibility to our clients and scheme members, helping them to invest for their long-term goals. The money we manage is the retirement benefits of beneficiaries who work across multiple industries. It is their money we manage, not our own. The trust our clients place in us gives us a great responsibility to advocate on their behalf and do right by them in the management of their savings. I look forward every year in communicating with you through this medium. This is always an opportunity to give account of our stewardship of your scheme and also highlight the virtue of long term strategy in building sustainable wealth.

Most investors felt that the beginning of 2020 was a time of clarity: the economy was projected to grow at 6% faster than 2019's growth rate. Nothing seemed poised to stop the growth. And then came the strongest exogenous shock we have ever seen – the novel coronavirus – proving once again that we never know what's going to happen. The country experienced for the very first time in decades a technical recession with negative second and third quarter GDP prints.

GDP is expected to grow at 0.9% in 2020, the lowest in about 40 years whilst equities continues its slide. The second time we have experienced three consecutive negative return since the early years of the formation of the stock market (1990-1992).

Despite the grim situation, the Axis Pension Plan Scheme brought in a total investment return of **18.31%**. The 2020 investment returns' represents 8.38% above average inflation. The schemes benchmark is to exceed inflation by at least 5%. The scheme's Net Asset Value (NAV) increased from GH¢77.0 million to GH¢130.3 million, with total inflows of GH¢58.4 million, benefit payments of GH¢18.5 million and net investment income of GH¢16.1million.

In 2020, we were relentless in our financial literacy and education campaigns. When it became apparent we could not engage our clients face to face, we took our campaigns online. We were the first financial institution to deliberately and consistently drive financial literacy education online. Through the Axis Smart Money Talk, we brought to our stakeholders about 24 different education sessions in all, reaching about 25,651 audience. We do this out of duty and devotion to our mission of inspiring you to achieve financial peace of mind.

The pandemic has also accelerated deeper trend from inadequate savings and growing retirement saving shortfall. The pandemic has reiterated the old wise advice that everyone requires 3 months to 12 months in emergency funds. It is only after the emergency fund bag is secured that one can really invest for the long term. We believe it is within every individual who draws income to take ownership of their financial future.

Saving for retirement requires a lot of self-discipline and sacrifices in the face of many pressing short term goals. Perhaps, it is because of this difficulty why few people, irrespective of how much they earned during their working life, are unable to enjoy their retirement.

Chairman's Report for 2020

It should not be difficult if we allow the complementary Tier 3 retirement saving schemes, adjusted yearly to reflect wage inflation increases, to fulfill our retirement needs without any interruption.

To encourage our members to think and invest long term, we have enhanced the Axis Pension Plan with a free GH¢5,000 life Insurance cover. We are the first and only financial services company to offer this to all our clients. We put our members at the heart of what we do and this is yet an example of how we believe we can help our clients to invest for the long term knowing temporary life setback will be taken care off with the life insurance payoff.

Our commitment to invest in technology to ensure we provide you convenience and utmost confidentiality while investing for retirement was further accelerated in 2020 under our digital transformation agenda.

We are happy to say Axis is a 360 degree digitally aligned business with service platforms on mobile app, USSD, Whatsapp, Telegram and our web based CRM portals. By dialing *1860# or sending 'Hi' to 026 1860 000, our Whatsapp chatbot, Afrakomah will be on hand to attend to your every request from account opening to withdrawal. To complement our service platforms, our call center has also been equipped to provide you the needed assistance for 14 hours each working day between 7am to 9pm. We encourage you to explore all our digital channels to ensure you are close to us.

On behalf of the Board of Trustees, I thank all participating members for your continued trust in our stewardship. I wish you well.



Robert Marshall Bennin
Chairman, Board of Trustees

REPORT OF THE TRUSTEES

The Trustees present their report together with the audited Financial Statements of the Scheme for the year ended 31st December, 2020.

ESTABLISHMENT, NATURE AND THE STATUS OF THE SCHEME

The Scheme is a Defined Contribution Scheme which provides Lump Sum benefits on Retirement and such other ancillary benefits to members who meet the qualifying conditions stipulated under the National Pensions Act, 2008 (Act 766).

The Scheme is a tax exempt pension fund under the National Pensions Act, 2008 (Act 766) and any amendments made to it thereafter.

The Scheme's activities are bound by provisions of the National Pensions Act, 2008, (Act 766), Regulations made under it, Guidelines formulated and published and any Board directives that may be issued from time to time as well as the Governing Rules of the Scheme.

Trustees of the Scheme are ultimately responsible for administration of the Scheme and their responsibility to the Scheme is established by a Trust Deed and Scheme Governing Rules approved on 12th November 2012. Scheme Governing Rules and Trust Deed both of which are subject to Act 766, form the basis of establishing the Scheme.

TRUSTEES

The current Board of Trustees as well as any changes made during the year are indicated as below:

LICENCE NO.	NAME	POSITION (Member/Independent /Chairman)	DATE OF APPOINTMENT	DATE OF EXIT
NPRA17007	Robert Marshall Bennin	Chairperson	13/10/2017	-
NPRA/MTOPS/12002/15001	Afriyie Oware	Member	12/11/2012	-
NPRA19024	Dorcas Okantey	Member	09/01/2020	-
NPRA17025	Daniel Kwesi Sarpong	Member	13/10/2017	-
NPRA19025	Matthew Mani	Member	28/06/2019	-
NPRA19026	Ato Boateng	Independent Trustee	28/06/2019	-

SCHEME MEMBERSHIP STATISTICS MOVEMENT DURING THE YEAR

	2020	2019	2018
Members as at 1st January	27,101	12,949	6,624
Additions	7,825	15,433	7,013
Withdrawals	984	1,281	688
Members as at 31st December	33,942	27,101	12,949

SUMMARY STATISTICS

Description	Deferred Contributors	Transfer in	Transfers Out	Resignation	Retirement (Statutory)	Retirement (Early)	Permanent Emigration	Incapacitated Members	Death
Numbers	2,874	62	5	694	271	-	1	-	13

SCHEME MEMBERSHIP STATISTICS

FINANCIAL SUMMARY

Activity	2020 (GH¢)	2019 (GH¢)	2018 (GH¢)
Contributions	58,385,459	44,700,944	19,152,533
Net Investment Income	16,137,518	8,566,881	3,934,895
Benefits Paid	18,507,565	10,502,200	4,517,913
Assets Under Management	130,262,112	77,013,359	35,417,400

EXPENSES

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

Fee Type	Maximum Rate (% p.a.)	Actual Rate (% p.a.)	2020	2019
			Amount (GH¢)	Amount (GH¢)
NPRA Fees	0.33	0.33	324,358	179,896
Trustee (Administrator) Fees	1.33	1.33	1,368,103	725,035
Pension Fund Custodian Fees	0.25	0.18	257,162	132,217
Pension Fund Mgr. Fees	0.56	0.50	472,631	233,077
Audit Fees			16,538	5,278

MEMBER COMMUNICATION

Scheme information is disseminated through SMS and Emails. Our client access portals, mobile app, whatsapp chatbot and USSD short code give clients access to real time scheme information and tools to keep track of their retirement accounts.

ACCESS TO BENEFIT STATEMENTS

Scheme members have a 24-hour online access to their benefit statements via <https://cap.axispension.com/crm/> and the Axis Mobile App. Members may use their SSNIT numbers or Axis membership numbers to log on to the platform to view and print statements. All scheme members are encouraged to take advantage of this platform to update themselves with the growth and performance of their retirement savings. Members can also update their beneficiary details using the Axis Mobile App.

Transact with us through our digital channels.

 **Call Center**
030 273 8555


 **Axis Pension App**
Available on Google Play Store and App Store

 **Email Support**
Send an email to aptl@axispension.com

 **USSD Short Code**
Dial *1860# and follow the prompts

 **Client Web Portal**
<https://cap.axispension.com/crm>

 **WhatsApp Assistant**
Send "Hi" to Afrakomah (026 186 0000) on your WhatsApp line

 **Live Chat**
Visit www.axispension.com and click chat pop up

INVESTMENT REPORT

Economic & Market Overview

The global economy in 2020 was greatly influenced by effects of the pandemic. The disruption in global supply chains combined with global lockdown measures introduced to curtail the spread of the virus slowed down the wheels of economic activity. Consequently, global growth according to the World Bank contracted by 4.3% in 2020 whilst unemployment particularly amongst the youth increased across many countries. The shock of the COVID pandemic pushed governments to increase spending to record levels and much of the associated spend was financed by additional borrowing, adding to an already large debt pile accumulated before the pandemic.

The expansionary monetary and fiscal policy tilt continues to support asset prices, however, a slowdown in government support could trigger bouts of volatility in the coming year. That said, one of the legacies of the COVID pandemic could be a general acceptance of states playing a larger role in economic matters.

The year 2020 was definitely a challenging one for the Ghanaian economy due to the health and economic crisis caused by the pandemic. The country entered into a technical recession for the first time in 37 years after contracting -3.2% and -1.1% in Q2 and Q3 respectively. Despite the heightened economic activity in Q4 particularly because of the general elections and festive season, growth will come in significantly below potential, setting the stage for a challenging year as managers of the economy balance the need for fiscal consolidation whilst creating a path to sustained economic growth.

Government's treasury rates fell markedly supported by increased liquidity especially from local institutional investors in the year under review as average volume of fixed income trades increased by 2.5 times.

The 91-Day Bill declined by 61 basis points from 14.69% to 14.08% whilst the 182-Day Bill declined 102 basis points from 15.15% to 14.13%. The situation in belly of the curve was not markedly different with the 2-Year and 3-Year note declining by 245 bps and 45bps respectively to close the year at 18.5% and 19.25% respectively. The 5-Year bond on the other hand increased marginally by 35 bps to close the year at 19.85%. On the secondary market, we saw strong performance across the government sector with the S&P Ghana Sovereign Bond Index recording an end of year USD return of 22.2% and 25.8% in local currency.

The associated effect of the pandemic on the business and economic environment weakened offshore demand for local equities and led to a negative performance in the equities market. The stock market recorded a negative growth of (13.98%) to end the year 2020, but recovered 4.6% on a quarter on quarter basis in Q4. The stock market momentum in the month of December 2020 was even more impressive following a positive return of 6.8%. We expect the bullish run to continue into 2021.

Statement of Investment Principles

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

Investment Policy

The strategic asset allocation for the Axis Pension Plan remains unchanged. The Axis Pension Plan is a master-trust scheme made up of two investment packages (investment plans) namely growth and capital preservation accounts. These investment plans are underlined by segregated asset class-based constituent fund namely; Equity, Government Bond, Income and Credit Constituent Funds.

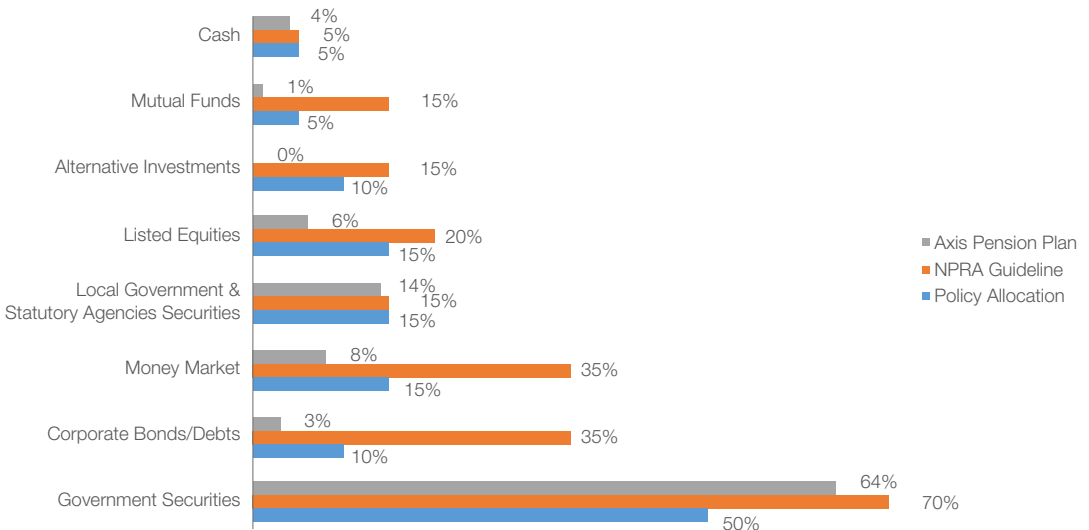
Regardless of the asset class we invest in, our goal is clear, i.e. to grow the value of the Fund so members enjoy decent pensions at retirement. Axis Pension Plan return objective is therefore to achieve a stable real return of 5% and/or attain a return that exceeds the 364 days Government Paper return on a rolling 5 year basis. Below is the strategic global asset allocation of the scheme:

Asset Class	Policy Allocation	Control Ranges (%)
Corporate bonds & debts	10%	+10% to -5%
Government notes & bonds	45%	+10% to -10%
Treasury bills	5%	+10% to -5%
Fixed deposit	15%	+5% to -10%
Equity	15%	+5% to -7.5%
Alternative investments	10%	+5% to -5%
Local government and statutory agency	15%	-5%
Mutual fund	5%	+5% to -5%

Investment Allocation

Asset	Maximum Allocation(%)	Actual Allocation(%)	Investment Income Earned (GH¢)	2020 Year End Value (GH¢)	2019 Year End Value (GH¢)
Government Securities	70%	64%	10,804,103	83,241,150	45,592,947
Corporate Bonds/ Debt	35%	3%	894,794	2,959,103	2,929,454
Money Market	35%	8%	2,318,476	10,986,410	7,146,754
Listed Equities	20%	6%	69,374	7,885,341	2,591,236
Open and Closed Ended Funds	15%	1%	109,736	1,731,223	13,235,010
Local Gov't & Stat. Agency Securities	15%	14%	3,448,358	18,746,410	1,121,487
Cash and Receivables		4%	178,162	5,040,795	4,706,249
TOTAL		100%	17,823,003	130,590,432	77,323,137

Actual Allocations Compared With Policy Allocations



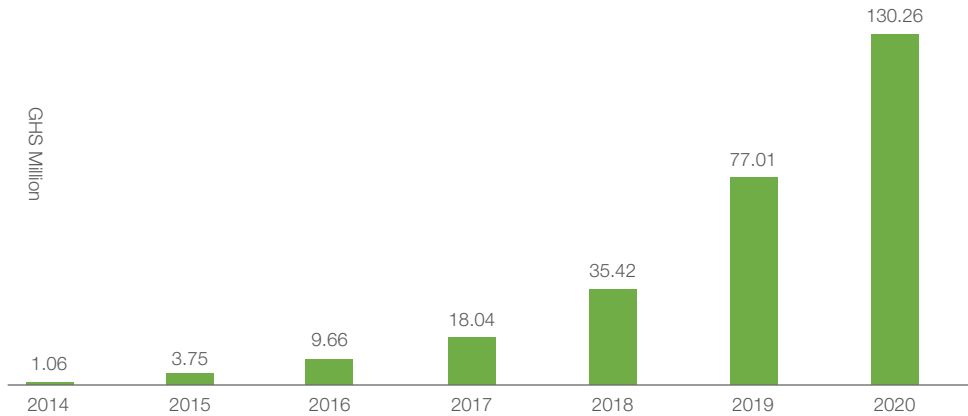
Portfolio Execution and Investment Performance

The table highlights our significant increase in Treasury Securities allocation, while we cut back in bank fixed deposit exposures in 2020. The increase in Treasuries was because of its safe haven status, particularly during the height of the pandemic. We strategically increased our exposure in equities during the course of the year to lower the average purchase cost of key holding as we believed the general fall in price present great buying opportunities in top equity picks.

	Q1-2020	Q2-2020	Q3-2020	Q4-2020
Equity	3,790,299	5,243,638	5,870,724	7,885,341
Corporate Bond/Debt	1,816,623	1,182,484	2,027,089	2,959,103
LGSA	7,321,899	16,632,099	22,161,040	18,746,410
Treasury Notes/Bonds	40,588,253	52,774,625	55,495,744	76,706,181
Treasury Bills	13,181,380	5,247,492	6,039,336	6,534,969
Fixed deposits	13,701,031	18,457,284	17,196,126	10,986,410
Collective investment schemes	1,135,845	1,152,025	1,692,347	1,731,223
Private Equity				
Total	81,535,330	100,689,647	110,482,406	125,549,637

Strong Net Asset Growth since Inception

Below is the evolution of the Axis Pension Plans net asset value (NAV) over the past 7 years



Investment Management Mandates

The Axis Pension Plan assets are invested to reflect segregated asset class based constituent funds namely; Equity Fund, Government Bond Fund and Income plus Credit Fund. This strategy is designed to improve investment returns within an asset class and to optimize efficiency in management of assets. The arrangements for segregated management of the scheme's assets, as at December 31, 2020, are set out below:

Constituent Fund	Fund Manager	Market Value (GH¢)	% of the Fund
Government Bond Constituent Fund	Blackstar Advisors Ltd	46,745,205	36.1%
Income and Credit Fund	Stanbic Investment Management Services Limited	68,180,555	52.6%
Equity Constituent Fund	IC Asset Manager Ltd.	14,645,255	11.3%

Constituent Funds

1. Equity Fund

Asset Class	Target Allocation	Lower Limit	Upper Limit
Listed Equities	100%	60%	133%

Tactical Allocation

Equity and Balanced Mutual Fund	30%	0%	40%
Money Market	10%	0%	10%

2. Money Market Fund

Asset Class	Target Allocation	Lower Limit	Upper Limit
Government Securities (up to 1 Tenor)	17%	0%	50%
Money Market Securities	50%	17%	67%
Corporate Notes & Bond (2-10 Years)	33%	17%	67%
Portfolio Total	100%	33%	183%

3. Bond Fund

	Maturity	Target Allocation	Lower Limit	Upper Limit
Treasury Bonds/Notes	>2- 10 Years	100%	78%	122%
Portfolio Total		100%	78%	122%

Tactical Allocation

Money Market Securities	1 – 270 days	10%	0%	0%
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Performance of Investment Packages

The Axis Pension Plan net return for 2020 was 18.31% at the global level, outperforming inflation by 8.38%. This return however is different from what is reflected in member's accounts. The Fund applies life cycle investing strategy where members are allocated to different investment packages based on their age. Clearly, investment needs and appetite towards risks tend to differ with age. The scheme has therefore been designed to place younger members in more aggressive portfolios with automatic shift to conservative portfolios as they approach retirement. This is best practice globally for Defined Contribution investing and we at Axis are proud to lead the industry in the application of this strategy since inception in 2013. The NPRA has adopted this practice for industry-wide implementation by all pension schemes in the new guidelines for investments.

Retirement Plan Membership

Retirement Plan	Moderate Retirement Plan	Preservation Retirement Plan
Age Range	< 40 years	> 40 years

Axis Pension Plan Comparative Performance

Retirement Plans against Benchmarks	2020 Annualized	3-Years CAGR	5-Years CAGR	Since inception CAGR	Cummulative Returns Since Inception
Growth Portfolio Retirement Plan	15.98%	14.24%	16.70%	18.46%	227%
Preservation Portfolio Retirement Plan	20.63%	17.48%	19.05%	20.46%	268%
Average Scheme's Return	18.31%	15.82%	17.85%	19.45%	248%
Inflation Benchmark	9.93%	9.49%	11.63%	12.94%	134%
US Dollar	4.09%	8.07%	8.49%	17.05%+	201%

Outlook & Portfolio Strategy

Taking into cognizance the global economic disruption in 2020, we are of the opinion that the global base case scenario is that major economies recover in the coming year. The global economy witnessed an unprecedented contraction particularly in the first half of 2020 due to worldwide restrictions imposed on the movement of people to contain the spread of the corona virus. The consequential firepower unleashed by both global monetary and fiscal authorities in response to the virus is expected to lift global growth. However, economists are still unsure whether the recovery will be a V-shape, U - shape, L- shape or K-shape recovery. What is certain though is that the global recovery will be gradual and uneven with bouts of volatility especially in financial markets along the way. The IMF in June, forecast global growth to recover to 5.4 % in 2021 following a 4.9 % contraction in FY 2020.

Supporting global growth include the fact that Asia, driven largely by China is recovering strongly. The importance of China to global growth cannot be understated as China accounts for about a third of global growth. Secondly, the consequential impact of fiscal and monetary stimulus means the global consumer is in a better position to fill all that pent up demand that has been created through the additional USD 1.9 trillion worth of fiscal stimulus recently signed by the Biden administration. This will enhance the position of US consumers to support global recovery efforts. Finally, in the Euro area, arguably for the first time authorities have embraced fiscal stimulus over fiscal austerity – which was their playbook during the 2008 global financial crisis. This change in paradigm would go a long way to support Europe’s periphery and in the long run global growth.

In the coming year, risk to the global outlook still remain despite the massive monetary and fiscal stimulus initiative undertaken by numerous central banks and governments. This is particularly due to the high level of uncertainty regarding how long the COVID 19 pandemic will continue to persist, the extent of the economic fallout and how quickly global

growth will recover and in what form the recovery will shape out to be. The Federal Reserve’s intervention has depressed yields across various sectors and segment of the market and currently US junk rated debt is cheaper than many emerging market sovereign debt and with inflation and the 10 year yield appearing to inch up, the calm before the storm may be in the credit market. Finally, the fact that trillions of dollars have been pumped into developed economies with growth still remaining tepid may mean structurally, developed economies are destined for a slowdown and a period of sub-par performance.

Managers of the Ghanaian economy forecast economic growth to be north of 5% in 2021. Supporting the growth outlook include vaccine related optimism and the subsequent recovery in key sectors such as aviation, hospitality, logistics and commodity prices especially crude oil. In addition, the implementation of the AfCFTA agreement – which aims to progressively reduce and eventually eliminate custom duties and non-tariff barriers on goods and allow free provision of services in priority sectors - is expected to enhance regional growth; of which Ghana is projected to be a significant beneficiary. Fiscal consolidation is inevitable in 2021, however, revenue and expenditure plans have been largely derailed by the severe impact of COVID-19 on the Ghanaian economy. The unprecedented scale of the damage and macroeconomic distortions caused by the pandemic has necessitated the suspension of the fiscal responsibility rule of a deficit not exceeding 5% of GDP and with economic activity yet to fully recover combined with rollover of pandemic induced expenditure in 2021 fiscal consolidation will be a challenge. On a policy level, economic revitalization and transformation will be through the implementation of the Ghana COVID-19 Alleviation and Revitalization of Enterprise Support (Ghana CARES) program whilst ensuring debt sustainability.

Our goal is to build a portfolio that will remain resilient in any economic and business cycle whilst we look to take tactical advantage of any dislocation in asset prices.

Outlook & Portfolio Strategy

In this regard, Government of Ghana intermediate term notes shall continue to dominate our total portfolio. We believe that segment of the yield curve offers a healthy risk adjusted return whilst being liquid enough to support our portfolio management strategy. The fund shall opportunistically pick up yields on government bonds to enhance portfolio return.

Downside risk to the local currency is heightened by the country's fiscal and debt position. In addition, taking into cognizance upside risk to US denominated assets, emerging market assets may experience periods of volatility that will present opportunity to gain exposure to Ghana's Eurobond at favorable prices. We shall over time expose about 10% of our portfolio to this asset class as it provides a hedge against the perennial currency depreciation and an opportunity for good income via coupon payments.

We remain very cautious about the general credit environment and will not add much exposure to our corporate bond portfolio. We will evaluate our current corporate credit holdings individually and cut back significantly when credit conditions among issuers deteriorate substantially.

We will maintain our equities holding in line with our strategic asset allocation. In equities, our preference are companies with resilient balance sheet, consistently high returns on equity, leaders in their industry and selling at a discount compared with peers. We believe the general stock market is under-valued and will not turn down an opportunity to buy great companies with exceptional management on the low.



**Have You
Updated Your
Beneficiary Details?**

Visit: <https://cap.axispension.com/crm>
to set up or update beneficiaries online.

STATEMENT OF TRUSTEES RESPONSIBILITIES

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

The Trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the National Pensions Act, 2008 (Act 766) and the Occupational and Personal Pension (General) Regulations, 2011 (L.I. 1990). The Trustees have instituted appropriate internal controls to avert cases of fraud or error from which material misstatements may arise.

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



STATUTORY REQUIREMENTS

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

AUDITOR

John Kay and Co have been with the Scheme since 1st September, 2013 and have expressed their willingness to continue in office as Auditors of the Scheme.

ON BEHALF OF THE BOARD OF TRUSTEES

Afriyie Oware Trustee	 Signature	19/04/2021 Date
Ato Boateng Trustee	 Signature	19/04/2021 Date

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AXIS PENSION PLAN

Opinion

We have audited the accompanying financial statements of Axis Pension Plan, which comprise Statement of Net Assets available for benefits as at 31st December, 2020, and the Statement of Changes in Net Assets available for benefits and Statements of Cash Flows for the year ended and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 24 to 34

In our opinion, the financial statements give a true and fair view of the financial position of the Scheme at 31 December 2020 and 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 section of our report. We are independent of the fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Trustees for the Financial Statements

The Trustees are responsible for the preparation of the financial statements that give a true and fair view in accordance with International

Financial Reporting Standards and the requirements of the National Pensions Act, 2008 (Act 766) and the Occupational and Personal Pension (General) Regulations, 2011 (L.I. 1990), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustees are also responsible for overseeing the Scheme's financial reporting process.

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 management either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient

and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.
- Conclude on the appropriateness of management's 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 Fund'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 Fund to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Fund or its activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Key Audit Matter

In accordance with ISAs, this part of our report is intended to describe the matters communicated with those charged with governance that we have determined, in our professional judgment, were most significant in the audit of the financial statements.

1. Income Recognition

The Scheme generates income largely from the investment of the assets of the scheme made up of members' contributions as well as the undistributed portion of the assets of the scheme brought forward from the previous accounting period. Some of these investments straddles the end of the accounting year under review and hence a key consideration for the appropriate recognition of the income of the scheme is the cut-off date. The income of the scheme for the year should be recognized only if they accrue or are derived during the year up to and including the year end date, being 31 December 2020. Income that accrues beyond this date should be recognized in the following accounting year.

To ensure that in recognizing income, the cut-off date have been taken into consideration, the audit team performed the following procedures:

1. Reviewed the design and implementation of the scheme's income recognition procedure to determine the adequacy of controls over the scheme's investment valuation procedures and income recognition at the year-end;
2. Obtained evidence of the existence and accuracy of interest income thereon of a sample of significant investments whose maturity dates are after the year-end by reviewing their particulars and recomputing the expected year-end interest income; and

3. Evaluated the adequacy of the accounting policies and the disclosures on income recognized in the scheme's statement of changes in net assets available for the benefits.

2. Impact of COVID-19

The COVID-19 Global Pandemic had an impact on almost all sectors of the economy within which the scheme operates during the year under review. For the purposes of ensuring that amounts and disclosures made in the financial statements show a true and fair view, having had regard to the effect of the pandemic, management was expected to reassess the assumptions and judgments underlying estimates made and their related disclosures, and to recognize an expected credit loss or an impairment of assets where as a result of the pandemic, such a loss or impairment must be recognized in accordance with the International Financial Reporting Standard.

The audit team performed the following procedures to ensure that the effect of the pandemic have been taken into consideration in preparing the financial statements:

1. Assessed the level of compliance with the policies and directives from Government of Ghana and National Pensions Regulatory Authority on the pandemic which are applicable to the operations of the scheme;
2. Reviewed the credit risk assessment of the scheme's assets as a result of COVID-19 and reviewed the adequacy procedures performed to determine the impairment provisions made; and
3. Reperformed the procedures to determine the accuracy of the level of expected credit losses and impairments recognized in the financial statements.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 137 of the Companies Act, 2020 (Act 992) of Ghana

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, proper books of accounts have been kept by the Fund so far as it appears from our examination of those books.

This audit opinion is signed by:

JOHN ARMSTRONG YAO KLINOGO
(P/No-ICAG/P/1116)

For and on behalf of John Kay & Co.
(ICAG/F/2021/128)
Chartered Accountants
Accra.

.....2021

27/04/2021

AXIS PENSION PLAN

Financial Statements for the year ended 31st December 2020

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AS AT 31ST DECEMBER, 2020

	Note	2020 GH¢	2019 GH¢
Bank Balance	4	4,473,473	4,557,120
Investments Held at Amortized Cost	5	115,933,073	68,904,165
Fair Value Through Profit and Loss	6	9,616,564	3,712,723
Receivables	7	567,322	149,129
TOTAL ASSETS		130,590,432	77,323,137
LIABILITIES			
Administrative Expenses Payable	8	280,309	138,296
Benefits Payables	16	48,011	167,389
Other Payables	14	-	4,093
TOTAL LIABILITIES		328,320	309,778
TOTAL ASSETS LESS LIABILITIES		130,262,112	77,013,359
Represented By:			
NET ASSETS AVAILABLE FOR BENEFITS		130,262,112	77,013,359

The Financial Statements on pages 24 to 34 were approved by the Trustees on 19/ 04/ 2021 and were signed on their behalf by:

ON BEHALF OF THE BOARD OF TRUSTEES

<p>Afriyie Oware Trustee</p>	 Signature	<p>19/04/2021 Date</p>
<p>Ato Boateng Trustee</p>	 Signature	<p>19/04/2021 Date</p>

AXIS PENSION PLAN

Financial Statements for the year ended 31st December 2020

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED 31ST DECEMBER, 2020

	Note	2020 GH¢	2019 GH¢
DEALINGS WITH MEMBERS			
Contributions	9	58,385,459	44,700,944
Benefits	10	(18,507,565)	(10,502,200)
Net Additions from Dealings with Members		<u>39,877,894</u>	<u>34,198,744</u>
RETURNS ON INVESTMENTS			
Investment Income	11	18,441,608	8,644,158
Brokerage Fees/Commissions	18	(17,044)	(16,351)
Impairment Loss	15	(2,287,046)	(60,926)
Net Investment Income		<u>16,137,518</u>	<u>8,566,881</u>
Net Gains / (Losses) on Investment Income	12	<u>(327,867)</u>	<u>105,837</u>
Administrative Expenses	13	2,438,792	1,275,503
Increase (Decrease) In Net Assets For The Year		<u>53,248,753</u>	<u>41,595,959</u>

AXIS PENSION PLAN
 Financial Statements for the year ended 31st December 2020

STATEMENT OF MOVEMENT IN NET ASSETS AVAILABLE FOR BENEFITS
 FOR THE YEAR ENDED 31ST DECEMBER, 2020

	Note	2020 GH¢	2019 GH¢
Net Assets Available For Benefits As At 1st January		77,013,359	35,417,400
Increase (Decrease) In Net Assets For The Year		53,248,753	41,595,959
Net Assets Available For Benefits As At 31st December	17	<u>130,262,112</u>	<u>77,013,359</u>



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on WhatsApp or Telegram to access
 your pension account details.

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2020

	2020 GH¢	2019 GH¢
Increase (Decrease) in Net Assets for the Year	53,248,753	41,595,959
Adjusted for: Investment Income (Non-Cash)	(5,074,599)	(3,755,716)
CASH FLOWS FROM OPERATING ACTIVITIES		
	2020 GH¢	2019 GH¢
Increase/(Decrease) in Benefits. Payable	(119,378)	167,389
Increase/(Decrease) in Admin Exp. Payable	142,013	46,419
Increase/(Decrease) in Other Payables	(4,093)	1,363
Increase/(Decrease) in Receivables	(418,193)	(135,110)
Net Cash Generated from Operating Activities	47,774,503	37,920,304
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Treasury Bonds	(95,236,488)	(18,533,146)
Purchase of Treasury Bills	(6,622,971)	(11,644,251)
Purchase of Ordinary Shares	(5,466,083)	(1,201,694)
Purchase of Money Market Securities	(33,246,253)	(14,247,018)
Purchase of Corporate Bonds	(2,288,685)	(500,000)
Purchase of Units in Open / Close Ended Funds	(500,000)	-
Purchase of LGSA Securities	(15,771,485)	(16,414,010)
Purchase of Private Equity		
Proceeds from Disposal of Treasury Bonds	54,430,255	7,858,074
Proceeds from Disposal of Treasury Bills	13,144,643	-
Proceeds from Disposal of Ordinary Shares	45,381	531,302
Proceeds from Disposal of Money Mkt Sec	29,870,936	10,504,892
Proceeds from Disposal of Corporate Bonds	2,415,198	84,425
Proceeds from Disposal of Units of Open/Closed End Funds	-	580,439
Proceeds from Disposal of LGSA Securities	11,367,402	7,711,984
Net Cash Used in Investing Activities	(47,858,150)	(35,269,003)
Net Increase (Decrease) in Cash and Cash Equivalents	(83,647)	2,651,301
Cash and Cash Equivalents as at 1st January	4,557,120	1,905,819
Cash and Cash Equivalents as at 31st December	4,473,473	4,557,120

1 SCHEME INFORMATION

The Scheme is a defined Contribution Scheme which provides Lump Sum benefits on Retirement and such other ancillary benefits to members who meet the qualifying conditions stipulated under the National Pensions Act, 2008 (Act 766). Axis Pension Trust Ltd is the sponsor of the Axis Pension Plan. As at the date of reporting, the number of members of Axis Pension Plan is 33,942.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Scheme have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the National Pensions Act, 2008 (Act 766), the Occupational and Personal (General) Regulations 2011 (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.

2.3 Use of Estimates and Judgment

The preparation of financial statements in conformity with IFRS requires management to make judgment, 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 other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgment 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 key 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.

(i) Quoted Investments

The financial assets at fair value through profit or loss are determined by reference to their quoted bid price at the reporting date. Changes in market values are recognised in the Statement of Changes in Net Assets Available for Benefits.

(ii) Cash and Cash Equivalents

The fair value of cash and cash equivalents approximates their carrying values.

(iii) Non-Derivative Financial Liabilities

Fair value, which is determined for disclosure purposes, is calculated on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Instruments with maturity period of 6 months are not discounted as their carrying values approximate their fair values.

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 that the Scheme has the ability to access.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

2.6 Comparatives

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

3. SIGNIFICANT ACCOUNTING POLICIES

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 (GH¢), 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.

3.2 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.

3.4 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.

3.5 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

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 FVTP&L.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017

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;

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).

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.

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,

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.

g. Identification and Measurement of Impairment

A financial asset or a group of financial assets are impaired using the "expected credit loss" model, where the Trustees calculate the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes.

The Expected Credit Loss Model (ECL) is used in the recognition of impairment losses. The ECL means that on the day an entity recognizes (enters into a an investment contract) a financial asset, it has to provide from day 1 credit losses up to 12 months expected credit loss even if the financial assets are not credit impaired. When the issuer's credit risk worsens due to some observed conditions, then a lifetime ECL must be booked.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized, are not included in a collective assessment of impairment.

Future cash flows in a group of financial assets that are collectively valued for impairment are estimated on the basis of the historical loss experience for assets with credit risk characteristics similar to those in the Scheme. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based, and to remove the effects of conditions in the historical period that do not exist currently. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the Statement of Changes in Net Assets.

f. Subsequent Measurement of Financial Asset

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

g. 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.

h. Amortized Cost Measurement

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

i. Identification and Measurement of Impairment

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017

Future cash flows in a group of financial assets that are collectively valued for impairment are estimated on the basis of the historical loss experience for assets with credit risk characteristics similar to those in the Scheme. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based, and to remove the effects of conditions in the historical period that do not exist currently. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the Statement of Changes in Net Assets.

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

3.6 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.

3.7 Cash and Cash Equivalents

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

3.8 Standards, Amendments and Interpretations issued but not yet effective

As at the end of the reporting period, there were no new standards, amendments to standards and interpretations issued but yet to be effective for pension fund reporting.



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	2020 GH¢	2019 GH¢
4. BANK BALANCE		
Call Account	4,473,473	4,557,120
Total Bank Balance	<u>4,473,473</u>	<u>4,557,120</u>

	2020 GH¢	2019 GH¢
5. INVESTMENTS HELD AT AMORTISED COST		
Treasury Notes	76,706,181	32,829,254
Corporate Bonds	2,978,510	2,991,826
Treasury Bills	6,534,969	12,763,693
Fixed Deposits	10,986,410	7,154,383
Local Gov't and Statutory Agency Securities	18,746,410	13,235,010
Total Investments Held at Amortised Cost	<u>115,952,480</u>	<u>68,974,166</u>
Expected Credit Loss	(19,407)	(70,001)
	<u>115,933,073</u>	<u>68,904,165</u>

	2020 GH¢	2019 GH¢
6. FAIR VALUE THROUGH PROFIT AND LOSS		
Access Bank Ghana Ltd	184,380	210,000
Standard Chartered Bank	57,085	75,992
Ecobank Ghana Ltd	3,803,566	652,459
State Insurance Company	-	1,332
CAL Bank	345,207	252,582
Enterprise Group Ltd	1,201,620	289,575
Mega African Capital Ltd	131,560	131,560
Scancom Ghana Ltd	1,721,235	511,441
Societe Generale	44,030	49,534
Fanmilk Ghana Ltd	145,108	131,671
Ghana Oil Company Ltd	251,550	285,090
Galaxy Balanced Fund	542,285	-
Omega Income Fund	183,747	183,747
Omega Equity Fund	518,539	518,539
Heritage Fund	45,811	45,811
Databank Money Market Fund	440,841	373,390
Total Fair Value Through Profit and Loss	<u>9,616,564</u>	<u>3,712,723</u>

	2020 GH¢	2019 GH¢
7. RECEIVABLES		
Receivable from Edendale	2,341,901	153,390
Matured Cal Bank FD	567,322	-
Expected Credit Loss	(2,341,901)	(4,261)
Total Receivables	<u>567,322</u>	<u>149,129</u>
8. ADMINISTRATIVE EXPENSES PAYABLE		
	2020 GH¢	2019 GH¢
Asset Based Fees		
NPRA Fees	36,392	20,778
Trustee (Administrator) Fees Payable	146,670	83,741
Pension Fund Manager Fees Payable	56,089	15,566
Pension Fund Custodian Fees Payable	27,569	15,741
Audit Fees Payable	13,589	2,470
Total Administrative Expenses Payable	<u>280,309</u>	<u>138,296</u>
9. CONTRIBUTIONS		
	58,385,459	44,700,944
Contributions Received		
	<u>58,385,459</u>	<u>44,700,944</u>
Net Contribution		
10. BENEFITS		
	2020 GH¢	2019 GH¢
Lump Sum Benefit Paid	18,459,554	10,314,527
Taxes Payable on Withdrawals	-	20,284
Benefits Payable	48,011	167,389
Total Benefits	<u>18,507,565</u>	<u>10,502,200</u>

11. INVESTMENT INCOME	2020 GH¢	2019 GH¢
Interest on Treasury Bonds	9,958,320	4,443,581
Interest on Treasury Bills	1,138,930	1,119,441
Interest on Money Market Securities	2,318,476	925,778
Interest on Corporate Bonds	894,794	365,723
Interest on Local Gov't & Stat. Agency Sec.	3,448,358	1,458,180
Dividend Income	213,830	54,822
Interest on Bank Deposits	178,162	61,385
Other Income	290,738	215,248
Total Investment Income	18,441,608	8,644,158

12. GAINS / LOSSES ON INVESTMENT INCOME	2020 GH¢	2019 GH¢
Gain / (Loss) in valuation of Ordinary Shares holdings	(126,597)	(141,209)
Gain/ (Loss) from disposal of Ordinary Share Investments	(17,859)	(79,961)
Gain / (Loss) from valuation of holdings in Open/Closed End Funds	109,736	119,807
Gain/ (Loss) from disposal of Open / Closed End Fund Investments	-	31,120
Gain / (Loss) in valuation of Treasury Bonds	(11,673)	147,057
Gain/(Loss) in disposal of Treasury Bonds	(281,474)	13,408
Gain / (Loss) from disposal of holdings in REITs	-	15,615
Net Gains / (Losses) on Fair Value Through P/L	(327,867)	105,837

13. ADMINISTRATIVE EXPENSES	2020 GH¢	2019 GH¢
Asset Based Fees	324,358	179,896
NPRA Fees	1,368,103	725,035
Trustee (Administrator) Fees	472,631	233,077
Pension Fund Manager Fees	257,162	132,217
Pension Fund Custodian Fees	16,538	5,278
Audit Fees		
Total Administrative Expenses	2,438,792	1,275,503

14. OTHER PAYABLES

Unexplained Credit to Account

	2020 GH¢	2019 GH¢
Unexplained Credit to Account	-	4,093
	-	4,093

15. IMPAIRMENT LOSS

IFRS 9 opening balance adjustment
Charge through statement of changes in net
assets available for benefits

IFRS 9 opening balance adjustment	74,262	13,336
Charge through statement of changes in net assets available for benefits	2,287,046	60,926
	2,361,308	74,262

16. BENEFITS PAYABLE

Lump Sum Benefit Payable
Taxes Payable on Withdrawals

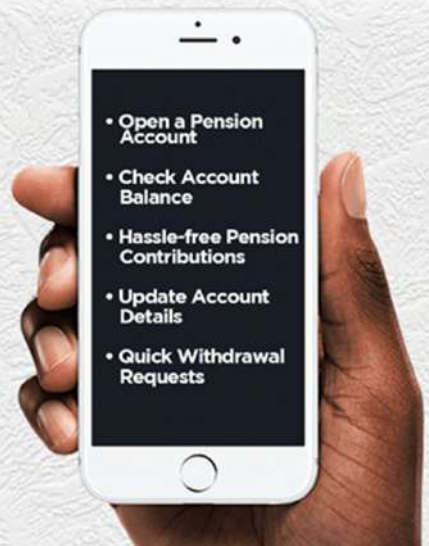
	2020 GH¢	2019 GH¢
Lump Sum Benefit Payable	48,011	147,105
Taxes Payable on Withdrawals	-	20,284
	48,011	167,389

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17. NET ASSETS AVAILABLE FOR BENEFITS

2020

	Contribution	Net Investment Income	Total
	GH¢	GH¢	GH¢
Balance as at 1st January	62,857,214	14,156,145	77,013,359
Additions	58,385,459	13,370,859	71,756,318
Deductions	(18,507,565)		(18,507,565)
Balance as at 31st December	102,735,108	27,527,004	130,262,112

2019

	Contribution	Net Investment Income	Total
	GH¢	GH¢	GH¢
Balance as at 1st January	28,658,470	6,758,930	35,417,400
Additions	44,700,944	7,397,215	52,098,159
Deductions	(10,502,200)		(10,502,200)
Balance as at 31st December	62,857,214	14,156,145	77,013,359

18. BROKERAGE FEES/COMMISSIONS

This refers to service charges assessed by brokers in return for handling the purchase or sale of securities on behalf of the Scheme.

19. 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

Credit risk is the risk that counterparties (i.e. financial institutions and companies) in which the Fund's assets are invested will fail to discharge their obligations or commitments to the Fund, resulting in a financial loss to the Fund.

The Fund's policy over credit risk is to minimise its exposure to counterparties with perceived

higher risk of default by dealing only with counterparties that meets the standards set out in the NPRA guidelines and the Fund's investment policy statement.

(b) Liquidity risk

Liquidity risk is the risk that the fund either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due. The fund's approach to managing liquidity is to ensure that it will maintain adequate liquidity in the form of cash and very liquid instruments to meet its liabilities (including benefits) when due.

The following are contractual maturities of financial assets:

31 December 2020:

Financial Assets	3 months or less	4 - 6 Months	7 - 12 Months	More than 12 Months
	(GH¢)	(GH¢)	(GH¢)	(GH¢)
Fixed Deposits	9,845,372	938,215	202,822	-
Corporate Bond	-	-	-	2,978,510
Government Securities	6,340,466	3,370,507	10,179,302	63,350,875
Local Gov't & Stat. Agency Sec	3,933,494	17,236	-	14,795,680
	20,119,332	4,325,959	10,382,124	81,125,065

19. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The following are contractual maturities of financial liabilities:

31 December 2020:

Financial Liabilities	3 months or less	4 - 6 Months	7 - 12 Months	More than 12 Months
	(GH¢)	(GH¢)	(GH¢)	(GH¢)
Benefit Payable	(GH¢)	(GH¢)	(GH¢)	(GH¢)
Administrative Expenses	48,011	-	-	-
Payable	280,309	-	-	-
Other Payables	-	-	-	-
	328,320	-	-	-

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates on investments will affect the fund's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(d) Equity Price risk

Listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Fund's policy over equity price risk is

to minimize its exposure to equities and only deal with equities that meets the standards set out in the NPRA guidelines and the Fund's investment policy statement.

(e) Interest Rate risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The investment managers advise the Trustees on the appropriate balance of the portfolio between equity, fixed rate interest, and variable rate interest investments. The Fund has no interest bearing liabilities.

(f) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Fund's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of Fund behaviour. Operational risks arise from all of the Fund's operations and are faced by all pension schemes.

The Fund's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Fund's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the administrator. This responsibility is supported by the development of following policies and standards;

- governing rules and trust deed;
- investment policy statement;
- requirements for the reporting of non-compliance with regulatory and other legal requirements;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

Compliance with the Fund governing rules is supported by a programme of annual reviews undertaken by the external auditor. The results of these reviews are discussed with Trustees.

20. TAX

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

21. COMMITMENTS AND CONTINGENCIES

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

22. EVENTS AFTER THE REPORTING PERIOD

Events subsequent to the balance sheet date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material. As at the end of the reporting period, there were no events after the reporting period that relate to the year under consideration



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