

# AXIS PENSION PLAN

2015 ANNUAL REPORT



*... Your reliable partner in Pension Funds*

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# FUND INFORMATION

## SPONSORING TRUSTEE

Axis Pension Trust Ltd.  
#4 Ibadan Avenue  
East Legon  
Accra.

## BOARD OF DIRECTORS

- Ernest Kusi-Ababio
- Afriyie Oware
- Simon K.A. Ayivi
- Matthew Mani
- Maamle Totimeh
- Robert Marshall Bennin

## FUND MANAGERS

### **STANLIB Ghana Ltd**

Stanbic Height, Plot 215,  
South Liberation Link  
Airport City, Accra.

### **Omega Capital Limited**

The Alberts, # 23 Kanda Estates,  
Kanda, Accra.

## FUND CUSTODIANS

Zenith Bank (Ghana) Limited  
Premier Towers, Liberia Road  
PMB CT 393, Cantonments  
Accra.

## AUDITORS

John Kay & Co  
7th Floor, TrustTowers  
Farrar Avenue, Adabraka  
Accra.

# INTRODUCTION

Dear Valued Member,

2015 marks the second full year since the registration of Axis Pension Plan as a personal pension scheme running under the National Pensions Act 2008 (Act 766). Axis Pension Trust Ltd., the corporate trustee and the sponsor of the Scheme submits this 2015 Annual Report – the second annual report of the Scheme – to scheme members and the industry regulator, the National Pensions Regulatory Authority (NPRO). This report summarizes activities and performance of the Scheme during 2015. Key events within the pensions industry and the national economy during the same period are also highlighted.

Axis Pension Plan is a long-term investment program designed to provide supplementary retirement incomes for participants through regular voluntary contributions. It is tax-qualified and allows participants to enjoy tax-free contributions and benefits within defined regulatory limits. The Scheme is set up as a lifecycle plan. Thus contributions are invested in different investment pots consistent with age-risk profiles of its participants. For many people – especially the self-employed and workers in the informal sector – this Scheme is the only organized retirement plan available to them. The Scheme also augments the retirement savings of employees who already have other retirement investment accounts.

Ghana's economy generally performed poorly in 2015. High public debt, reduced government revenue as a result of falling international commodity prices, persistent currency depreciation, high inflation and the energy crisis were some of the key characteristics of the economy in 2015. The energy crisis in particular stood out as 2015 marked the third anniversary of the crisis. High costs of emergency energy supply to power commerce, industry and households were but a few of the ramifications of the insufficient power generation through the national grid. New utility tariffs introduced toward the end of 2015 (59.2% for electricity and 67.2% for water) exacerbated the plight of the population and industry. Inflation ended the year at a high of 17.7%, up marginally from November's 17.6% and October's 17.4%.

Government in its effort to curb the economic challenges signed onto an Extended Credit Facility (ECF) with the IMF; a program under which IMF is expected to give government a bail-out amount of \$918m over a three-year period. Notwithstanding the receipt of the first two tranches totalling about \$300m – in 2015 – out of the total funds expected under the program, confidence in the Ghanaian economy remained low throughout the year. It remains to be seen if credibility in government policy – another reason government gave for signing onto the IMF program – has seen any positive movements.

Given the uncertain and the unfavourable economic environment experienced over the year, managers of the Fund were extremely cautious in committing assets of the Fund to long-dated fixed income investments for the most part of the year. In the short-to-medium term, the Fund will seek to maximise earnings on the short-end of the fixed income market and also take very strategic positions at the long-end of the market, for yield pickups. Mindful of the Fund's key objective of achieving positive real returns and generating enough cash inflows to fund benefit requests of exiting members, Fund Managers intend to take steps to reduce equity exposure in 2016, if the short-to-medium term analysis of that market stays unimpressive.

On behalf of directors and staff of Axis Pension Trust Ltd and all other service providers of the Scheme, I thank members of Scheme for the continuous confidence in us. We look forward to building upon the good foundation, laid in the first two years of the Scheme, in 2016 and beyond. We thank you for your business.

Sincerely,



**Afriye Oware**

Chief Executive Officer  
Axis Pension Trust Ltd.

# SCHEME ADMINISTRATION REPORT

The Administrator of Axis Pension Plan presents the following reports on the Scheme for the year ended 31st December, 2015.

## About Axis Pension Plan

Axis Pension Plan is a long-term investment scheme set up to help workers build up extra retirement savings. It is tax-qualified and allows participants to enjoy up to 16.5% tax reliefs on contributions. The Scheme is open to all self-employed persons as well employees of organizations wishing to augment their retirement savings. The Scheme is established under a trust deed and licensed by NPRA under the National Pensions Act 2008(Act 766). Axis Pension Plan is an efficient vehicle for building up supplementary retirement savings for all workers; self-employed or not. As a Defined Contribution (DC) scheme, members' entitlements are determined by their accumulated contributions and investment returns accruing to those contributions.

## Governance & Management of the Fund

The Scheme sponsor and corporate trustee - Axis Pension Trust Ltd - is responsible for the day-to-day management and administration of the Scheme. Directors of Axis Pension Trust Ltd are directly responsible for the Scheme. The National Pensions Act, 2008 (Act 766) requires the involvement of other professional advisors in the management of the Scheme. The list of other professionals who assisted with the management of the Scheme in 2015 is on page 3. Below are members of the Board of Directors of Axis Pension Trust Ltd.:

#	NAME	PROFESSION
1	Ernest Kusi-Ababio	Businessman
2	Afriyie Oware	Funds Manager
3	Simon K. A. Ayivi	Funds Manager
4	Matthew Mani	Accountant
5	Robert Marshall Bennin	Business Strategist & Investment Advisor
6	Maamle Totimeh	Funds Manager

## Membership of the Scheme

One can join the Scheme by submitting completed enrolment forms to Axis Pension Trust Ltd (the Trustee). Organisations can also enrol their employees and fund their accounts from source deductions. As at December 31, 2015, there were 3,377 members. Below is a table showing the changes in membership of the Scheme over the period:

	2015	2014
Members as at 1st January	2,025	1,153
Joiners	1,364	874
Leavers	12	2
Members as at 31st December	3,377	2,025

## Contributions & Transfers-In

Subject to a minimum of GH¢100, participants have the latitude to determine how much to contribute to enable them achieve their retirement objectives.

Members' accounts are credited on the day on which contributions are received. Formal sector workers who have already exhausted the maximum 16.5% tax relief for the third tier schemes (i.e. under an employer-sponsored third tier provident fund) can contribute into Axis Pension Plan on after-tax basis. Self-employed persons who do not participate in any other scheme under Act 766 can enjoy up to 35% in tax reliefs on contributions made into Axis Pension Plan. *All persons exiting from their employer-sponsored third tier schemes can also transfer their benefits directly into Axis Pension Plan.*

## Benefits from the Scheme

Members of the Scheme must wait for a minimum of 5 years to access benefits from their "Savings Account". The "Retirement Account" is accessible only after attaining the voluntary retirement age of 55 and above.

## Financial Highlights

The Scheme ended the year with an asset base of GH¢3,750,596. Below are other financial highlights of the Scheme:

Activity/Asset Type	2015	2014
Contributions	2,451,881	944,109
Benefits Paid	168,163	38,840
Net Investment Income	415,437	116,928
Assets Under Mgt.	3,750,596	1,057,510

## Member Communication

Members who wish to know more about Axis Pension Plan should go to Axis' website for more information. They may also contact Axis Pension Trust for a copy of Axis Pension Plan Handbook. The Handbook is an information guide designed to inform members about the Scheme, retirement planning in general and the rules governing the Scheme. Axis Pension Trust also distributes Fund Fact Sheets and benefits statements quarterly to keep members updated about the Scheme and on major developments in the pensions industry.

## Axis Client Portal

Axis Pension Trust has an online platform called the **Axis Client Portal (ACP)**. This platform is available at all times and enables members of Axis Pension Plan have greater access to member account information and scheme communication. ACP provides scheme members with easy, secure and convenient access to their pensions account information by means of PIN verification. Members can use their Axis Pension Plan account numbers or their SSNIT numbers as

primary login ID to access the application. ACP is available on the internet and as such members can access the platform from any internet source via the link: <http://cap.axispension.com/clientaccess/member>. Members of the Scheme are encouraged to take advantage of ACP to view benefit statements online.

## Key Events in the Pensions Industry

Remittance of the much awaited Temporary Pension Fund Account (TPFA) started in November 2015. NPRA has sent very strong indications that proceeds in the TPFA will be paid to registered second tier pension schemes for employees who made contributions into the TPFA when implementation of the pension reforms started in January 2010. As at the end of 2015, a number of private sector and quasi-public organizations had received – into their chosen registered occupational pension schemes – the accrued TPFA balances on behalf of their employees. NPRA is expected to be very busy with the remittance of TPFA balances to various registered schemes of both private and public sector organizations in the first half of 2016.

# INVESTMENT REPORT

## Economic & Market Review

The macroeconomic situation in Ghana was mixed in 2015; Gross Domestic Growth (GDP) growth was revised from a target of 3.1% to approximately 4.1% for 2015. The currency plunge experienced in 2014 (32% against the USD) slowed in 2015 with the cedi depreciating approximately 15% against the US dollar. The fiscal stance of the economy slightly improved on the back of the International Monetary Fund support; fiscal deficit declining from 9% to 7% of GDP and Current Account deficit also dropping from 9.9% to 8.0% GDP. Notwithstanding the fiscal consolidation experienced in 2015, more sustained efforts at correcting fiscal weaknesses and stronger commodity prices on external markets may be required to stem the slide.

Headline inflation rose consistently over the period closing the year at 17.7% against a single digit target. The factors that contributed to high inflation include removal of subsidy on fuel, upward adjustment of utilities, and currency depreciation among others. In a bid to curb inflationary pressures, the central bank increased the policy rate from 21% to 26% in 2015. This led to a general rise in interest rates over the period albeit with some slight decline in the month of December 2015 as government worked toward a correction of the yield curve. The 91-Day and 182-Day Treasury Bills averaged 25.1% and 25.9%, respectively, higher than those of 2014. The 1-Year and the 2-Year Treasury Notes also averaged 22.5% and 23.1%, respectively.

Listed equities witnessed a second successive bear market with the GSE-CI shedding 11.77% of its value in cedi terms in 2015 compared to 5.40% decline in 2014. Macroeconomic volatility and concerns around increased credit risks in the banking industry were some of the key factors for the market's under-performance.

## Investment Policy Objectives

The Scheme seeks to achieve stable real rate of returns to generate sufficient cash inflows to meet benefit payments to members - or their beneficiaries, where applicable - at retirement or when they exit the Scheme. In pursuit of this goal, the Scheme invests in financial instruments that offer potential for stable and consistent cash-flow. It offers members with three investment plans, based on their individual lifecycle. This approach is effective in catering for differences in individual risk tolerances.

## Portfolio Strategy

Managers of the Fund were cautious in committing the Fund's assets to long term investments as a result of the economic uncertainty throughout 2015. It is the intention of Fund Managers to stay sector neutral on fixed income asset class in 2016; with focus on maximising earnings on short-dated securities whilst making strategic investments in the long-end of the market for yield pick-ups. Notwithstanding the stock market volatility experienced in 2015, tactical investments in some selected stocks may be made as prices decline and bottoms up.

## Portfolio Execution

By design, the investment policy and regulatory prescription, the portfolio – in 2015 – remained heavily weighted in fixed income. Below are movements in the Scheme’s investments in the year under review:

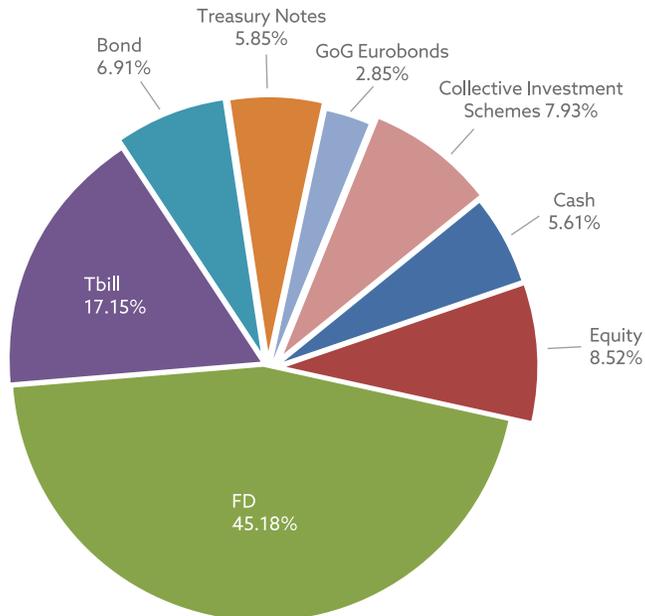
### Movements in Investments

Asset Type	Value as at 31/12/2014	Purchases / Inflows	Sales / Outflows	Changes in Fair Value	Value as at 31/12/2015
GoG Securities	582,448	3,074,000	2,773,867	86,978	969,558
Corporate Bonds	50,561	197,304	-	11,423	259,288
Fixed Deposits	262,231	3,716,449	2,300,043	15,850	1,694,487
Equity	115,258	470,432	-	31,181	616,871
<b>Total</b>	<b>1,010,498</b>	<b>7,458,185</b>	<b>5,073,911</b>	<b>145,432</b>	<b>3,540,204</b>

### Asset Allocation

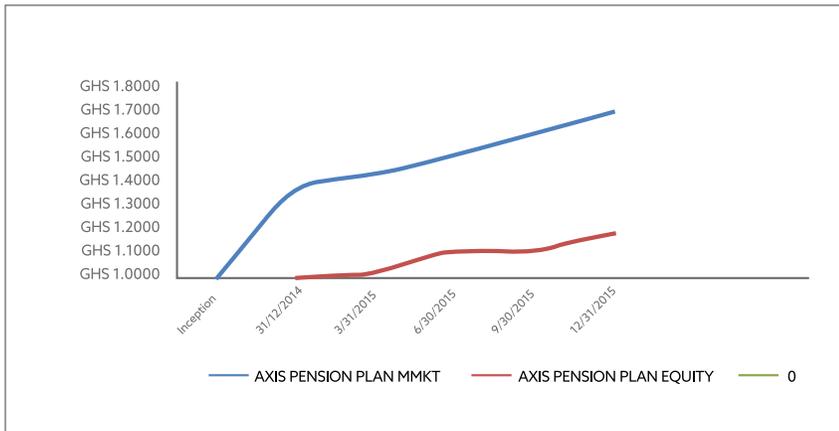
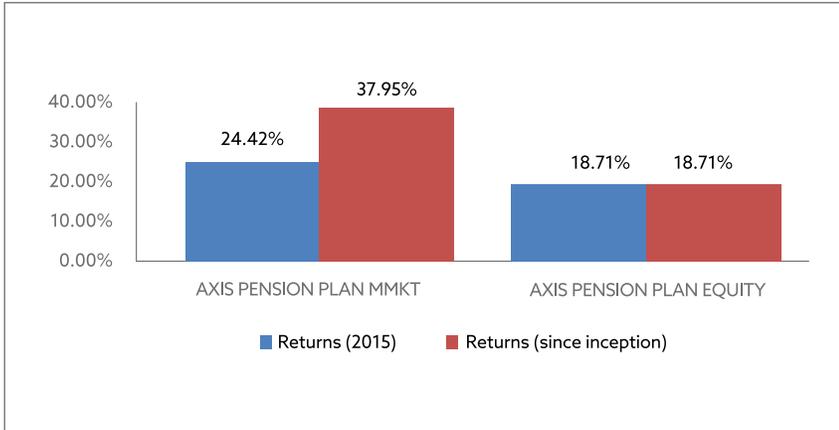
The Chart below shows the distribution of assets as at December 31<sup>st</sup> 2015:

### Global Fund Holdings



## Performance

The Fund made a net return of 21.57% in 2015. The chart below shows the returns generated by the Fund in 2015 versus returns since inception:



## Outlook & Expectations

While the on-going IMF programme has served to act as a brake on fiscal profligacy, the urge to please the electorate with expensive infrastructural projects is expected to put pressure on government expenditure, the overall debt burden and the currency. Economic outcomes in 2016 are not expected to be dissimilar from the dynamics of 2015. The medium term outlook therefore remains mixed. That said, strict adherence to provisions of the IMF programme should bring some stability in the economy in the short term.

# TRUSTEE'S REPORT

The Trustee of Axis Pension Plan submits the audited financial statements for the year ended December 31, 2015 in accordance with the National Pensions Act, 2008 (Act 766) and the Occupational & Personal Pension Regulations, LI 1991.

## Statement of Trustee's Responsibilities

The Trustee is responsible for managing the day-to-day operations of the Fund; including the keeping of records in respect of contributions, payment of benefits and maintenance of internal controls. The Occupational & Personal Pension Scheme Regulations require the Trustee to:

- Prepare a statement of accounting policies specifying the accounting policies to be followed in preparing financial statements.
- Cause to be prepared profit & loss accounts and balance sheet as at the last day of the period that gives true and fair view of the financial position of the Fund.
- Ensure that the financial statements are prepared in accordance with applicable accounting guidelines.
- Ensure that an investment report is prepared for each period of the Fund.
- Ensure that a report is prepared for the Fund in accordance with the relevant regulations for each financial period of the Fund.
- Make available to scheme members, in each financial year of the Scheme, reports so prepared.

The Trustee has a general responsibility for ensuring that adequate accounting records are kept in a manner that explain transactions of the Scheme and the financial status of the Fund.

## Financial Statements

In preparing the financial statements of the Scheme as presented in this report, the Trustee has selected suitable accounting policies and applied them consistently in accordance with the relevant accounting standards and complied with the requirements of all pension legislations in Ghana.

## Auditor

In accordance with regulatory requirements, the Trustee appointed John Kay &Co. as Scheme Auditor.



**Afriyie Oware**  
(Director)  
5th May, 2016



**Matthew Mani**  
(Director)  
5th May, 2016

# AUDITOR'S REPORT

We have audited the accompanying financial statements of Axis Pension Plan Tier 2 Pension Scheme, which comprise the statement of financial position at 31 December 2015, an income statement, a statement of changes in net assets attributable to members, a statement of cash flow for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 23 (of the 2015 Financial Report).

## Trustees' Responsibilities for the Financial Statement

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the National Pensions Act, 2008 (Act 766) and the Personal Pensions Schemes Regulations (L.I. 1991) as well as the Governing Rules and Trust Deed of the Axis Pension Plan Tier 2 Pension Scheme. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Axis Pension Plan Tier 2 Pension Scheme at 31 December 2015, and its financial performance, changes in net assets attributable to members and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Governing Rules and Trust Deed of the Scheme, the National Pensions Act, 2008 (Act 766) and the Personal Pensions Regulations (L. I. 1991).

*John Kay & Co*  
**JOHN ARMSTRONG YAO KLINOGO**  
**(P/No-ICAG/P/1116)**

**For and on behalf of John Kay & Co. (ICAG/F/2016/128)**  
**Chartered Accountants**  
**Accra**

*25th April* ..... **2016**

# STATEMENTS OF ACCOUNTS

## Statement Of Financial Position

AS AT 31ST DECEMBER 2015

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	Notes	2015 GH¢	2014 GH¢
<b>ASSETS</b>			
Cash and Cash Equivalents		210,392	47,007
Investments Held to Maturity	5(a)	2,923,333	895,240
Investments at Fair Value Through P & L	5(b)	616,871	115,258
		<b>3,750,596</b>	<b>1,057,505</b>
<b>Equity and Liabilities</b>			
Members' Contribution	6	3,188,982	905,264
Retained Earnings		532,365	116,928
Total Equity		<b>3,721,347</b>	<b>1,022,192</b>
<b>Current Liabilities</b>			
Benefits Payable		12,000	30,000
Other Payables and Accrued Expenses	7	17,249	5,313
		29,249	35,313
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,750,596</b>	<b>1,057,505</b>

Signed on behalf of the Board of Trustees by:



Atriyie Oware  
Director  
20th April, 2016



Matthew Mani  
Director  
20th April, 2016

# Income Statement

FOR THE YEAR ENDED 31ST DECEMBER, 2015

	Notes	2015 GH¢	2014 GH¢
<b>Revenue</b>			
Interest Revenue	8a	426,239	131,376
Fair Value Gain	8b	53,712	4,753
		<b>479,951</b>	<b>136,129</b>
<b>Administrative &amp; Other Expenses</b>			
	9	64,514	19,201
<b>NET INVESTMENT GAIN</b>		<b>415,437</b>	<b>116,928</b>

# Statement Of Changes In Net Assets Attributable To Members

FOR THE YEAR ENDED 31ST DECEMBER 2015

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## 2015

Notes	Members' Contribution GH¢	Retained Earnings GH¢	Total GH¢
Balance at beginning	905,264	116,928	1,022,192
Members' Contributions	2,451,881	-	2,451,881
Net Investment Gain		415,437	415,437
Benefits	(168,163)	-	(168,163)
<b>Balance at 31st December 2015</b>	<b>3,188,982</b>	<b>532,365</b>	<b>3,721,347</b>

## 2014

Notes	Members' Contribution	Retained Earnings	Total
Balance at 1st January	-	-	-
Contributions	6 944,104	-	944,104
Net Investment Gain	-	116,928	116,928
Benefits	(38,840)	-	(38,840)
<b>Balance at 31st December 2014</b>	<b>905,264</b>	<b>116,928</b>	<b>1,022,192</b>

# Statement Of Cash Flows

FOR THE YEAR ENDED 31ST DECEMBER, 2015

	2015 GH¢	2014 GH¢
<b>Cash Flows from Operating Activities</b>		
Net Investment Gain for the Year	415,437	116,928
Adjustment for:		
Accrued Interest	(121,719)	(55,811)
Unrealised Gain on Equity Investments	(53,712)	(4,753)
	240,006	56,364
Proceeds from Disposal of Investments	5,073,911	1,099,526
Purchase of Investment	(7,458,185)	(2,049,460)
Increase in Payables and Accrued Expenses	23,935	5,313
<b>Net Cash from Operating Activities</b>	<b>(2,120,333)</b>	<b>(888,257)</b>
<b>Cash Flows from Financing Activities</b>		
Contributions	2,451,881	944,104
Benefits Paid	(168,163)	(8,840)
<b>Net Cash Flow from Financing activities</b>	<b>2,283,718</b>	<b>935,264</b>
Net (Decrease)/Increase in Cash and Cash Equivalents	163,385	47,007
<b>Balance at 1st January</b>	47,007	-
<b>Cash and Cash Equivalents at 31st December</b>	<b>210,392</b>	<b>47,007</b>

# Notes Forming Part Of The Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2015

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## 1. Reporting entity

Axis Pension Plan is a pensions fund licensed by the National Pensions Regulatory Authority. The address of the company's registered office and principal place of business can be found on page 3 of the financial statements.

## 2. BASIS OF PREPARATION

### a. Statement of Compliance

The accounts have been prepared in compliance with the requirements of the International Financial Reporting Standards (IFRS) and interpretations in force as issued by the IASB and Personal Pension Schemes Regulations (L1 1991), the National Pensions Act, 2008 (Act 766), National Pensions (Amendment) Act, 2014 (Act 833). We have complied with IFRS 1 First Time Adoption.

### b. Basis of Measurement

The financial statements have been prepared on the historical cost basis except for financial instruments and other assets that are stated at fair values.

### c. Functional and Presentational Currency

The financial statements are presented in Ghana Cedis (GH¢) which is the scheme's functional currency.

### d. Use of Estimates and Judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and

assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 3.

## 3. Significant Accounting Policies

The accounting policies set out below have been applied consistently in these financial statements by the fund.

### (a) Financial Instruments

#### Non-derivative financial instruments

Non-derivative financial instruments comprise investment in shares, treasury bills, bonds, and fixed deposits.

Non-derivative financial instruments are recognised initially at fair value plus, for instrument not at fair value through profit or loss, any directly attributable transaction cost. Subsequent to initial recognition, non-derivative financial instruments are measured at fair value or amortised cost using the effective interest rate method, less impairment losses, if any depending on the categorisation.

**Non-derivative financial instruments are categorised as follows:**

- Financial asset/liabilities at fair value through profit or loss – these are non-derivative financial assets or liabilities which are held for trading and are quoted in an active market. These assets/liabilities are subsequently measured at fair value, and any gain or loss is recognised in the statement of comprehensive income. The fund’s investments in quoted investments are classified as financial asset at fair value through profit or loss.
- Loans and receivables – these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortised cost using the effective interest rate method, less any impairment losses. The fund’s investments in treasury bills, bonds and fixed deposits are classified under this category.
- Financial liabilities measured at amortised cost - this relates to all other liabilities that are not designated at fair value through profit or loss.

**Off setting**

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the fund has a legal right to set off the amounts and intends either to

settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

**Amortised Cost Measurement**

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

**(b) Impairment**

*Financial Assets*

A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statement of comprehensive income. An impairment loss is reversed if the reversal

can be related objectively to an event occurring after the impairment loss was recognised.

### **Non-financial Assets**

The carrying amounts of the organisation's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

#### **(c) Cash and Cash Equivalents**

Cash and cash equivalents comprise bank balances and these are carried at amortised cost in the statement of financial position.

#### **(d) Income Recognition**

Income comprises interest income, dividends income, and other income. Interest income is recognised using the effective interest method. Effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense evenly over the relevant period.

#### **(e) Contributions**

Contributions to members' accounts are accounted for on the cash basis.

#### **(f) Accounts Payables and Accruals**

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

#### **(g) Events after the Reporting Period**

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

#### **(h) New standards and interpretations not yet adopted**

New standards, amendments to standards and interpretations which are not yet effective for the year ended 31 December 2015, and have not been applied in preparing these financial statements include;

Title	Accounting standard	Nature of impending changes	Effective date
IFRS 9	Financial instruments	This is a new standard issued to replace the existing standard IAS 39 financial instruments. Key modifications include measurement and clarification of financial instruments. The standard is expected to be impacted by ongoing work of IASB.	1 January 2018

## 4. ESTIMATION UNCERTAINTIES AND CRITICAL JUDGMENT

### Determination of Fair Values

A number of the fund's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The following sets out the Fund's basis of determining fair values of financial instruments disclosed under note 14.

### (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 comprehensive income.

### (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.

## 5a. INVESTMENTS HELD TO MATURITY

	2015 GH¢	2014 GH¢
Treasury Notes	219,432	-
Corporate Bonds	259,288	50,561
Treasury Bills	643,238	582,448
Fixed Deposits	1,694,487	262,231
GOG Eurobonds	106,888	-
	<b>2,923,333</b>	<b>895,240</b>

## 5b. INVESTMENTS AT FAIR VALUE THROUGH P & L

		2015	2014
	No of Shares	GH¢	GH¢
Databank Money Market Fund	158,380	110,090	43,064
HFC REIT	62,628	149,379	72,194
Databank Balanced Fund	97,711	37,961	-
Standard Chartered Bank	3,000	48,900	-
Societe Generale	50,000	40,000	-
Mega African Autos	22,000	132,000	-
Edendale Properties	92,323	98,541	-
		<b>616,871</b>	<b>115,258</b>

## 6. MEMBERS' CONTRIBUTION

	2015	2014
	GH¢	GH¢
Beginning Balance	905,264	-
From Member	2,451,881	944,104
Benefits	(168,163)	(38,840)
	<b>3,188,982</b>	<b>905,264</b>

## 7. OTHER PAYABLES AND ACCRUED EXPENSES

Expenses	2015	2014
	GH¢	GH¢
Corporate Trustee Fee	3,156	910
Fund Management Fee	1,398	414
Custody Fee	2,208	565
NPRA Levy	8,837	1,924
Audit Fee	1,650	1,500
	<b>17,249</b>	<b>5,313</b>

## 8a. INTEREST REVENUE

	2015 GH¢	2014 GH¢
Gross Interest on Government Securities	164,561	42,832
Less Net Premium on Secondary Trade	-	(388)
	164,561	42,444
Interest on Fixed Deposits	216,762	83,287
Interest on Corporate Bond	31,089	2,561
	<b>412,412</b>	<b>128,292</b>
Interest on Bank Deposit	13,827	3,084
	<b>426,239</b>	<b>131,376</b>

## 8b. CHANGES IN FAIR VALUE

This represents changes in the market value of Equity and Collective Investment Schemes.

	2015 GH¢	2014 GH¢
Unrealised Gain	117,483	5,336
Unrealised Loss	(63,771)	(583)
	<b>53,712</b>	<b>4,753</b>

## 9. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	2015 GH¢	2014 GH¢
Corporate Trustee Fee	23,147	6,414
Fund Management Fee	10,696	2,972
Custody Fee	5,210	1,501
NPRA Levy	6,883	1,924
Audit Fee	1,650	1,500
Bank Charges	-	5
Direct Debit Charges	16,928	4,885
	<b>64,514</b>	<b>19,201</b>

## 10. ANALYSIS OF CHANGES IN FAIR VALUE

Asset Type	Value as at 31/12/2014	Purchases	Disposal	Changes in Fair Value	Value as at 31/12/2015
	GH¢	GH¢	GH¢	GH¢	GH¢
Ghana Gov't Securities	582,448	3,074,000	2,773,867	86,978	969,558
Corporate Bonds	50,561	197,304	-	11,423	259,288
Fixed Deposits	262,231	3,716,449	2,300,043	15,850	1,694,487
Equity	115,258	470,432	-	31,181	616,871
<b>Total</b>	<b>1,010,498</b>	<b>7,458,185</b>	<b>5,073,911</b>	<b>145,432</b>	<b>3,540,204</b>

## 11. RECONCILIATION OF STATEMENT OF FINANCIAL POSITION UNDER OLD GAAP WITH IFRS

AT 31<sup>ST</sup> DECEMBER, 2014

	GAAP GH¢	RECLASS GH¢	IFRS GH¢
<b>ASSETS</b>			
Mutual Funds	115,258	(115,258)	-
Fixed Deposits	262,231	(262,231)	-
Corporate Bonds	50,561	(50,561)	-
Treasury Bills	582,448	(582,448)	-
Bank Balances	47,007	(47,007)	-
Cash and Cash Equivalents	-	47,007	47,007
Investments held to Maturity	-	895,240	895,240
Investments at Fair Value Through P&L	-	115,258	115,258
<b>TOTAL ASSETS</b>	<b>1,057,505</b>	<b>-</b>	<b>1,057,505</b>
Equity and Liabilities			
Members' Contribution	905,264	-	905,264
Net Investment Gain	116,928	(116,928)	-
Retained Earnings	-	116,928	116,928
Total Equity	1,022,192	-	1,022,192
Current Liabilities			
Benefit Payable	30,000	-	30,000
Accrued Expenses	5,313	(5,313)	-
Other payables and accrued expenses	-	5,313	5,313
Total Liabilities	35,313	-	35,313
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,057,505</b>	<b>-</b>	<b>1,057,505</b>

## 12. RECONCILIATION OF EQUITY AND COMPREHENSIVE INCOME ITEMS WITH OLD GAAP AND IFRS

AT 31ST DECEMBER, 2014

	GAAP GH¢	RECLASS GH¢	IFRS GH¢
Members' Contribution	905,264	-	905,264
Net Investment Gain	116,928	(116,928)	-
Retained Earnings	-	116,928	116,928
	<b>1,022,192</b>	<b>-</b>	<b>1,022,192</b>
<b>Revenue</b>			
Interest Income	128,292	(128,292)	-
Unrealised Gain on Equity Investment	4,753	(4,753)	-
Interest on Bank Deposits	3,084	(3,084)	-
Interest Revenue	-	131,376	131,376
Changes in Fair Value	-	4,753	4,753
	136,129	-	136,129
Corporate Trustee Fee	6,414	(6,414)	-
Fund Management Fee	2,972	(2,972)	-
Custody Fee	1,501	(1,501)	-
NPRA Levy	1,924	(1,924)	-
Audit Fee	1,500	(1,500)	-
Other Administrative Charges	4,890	(4,890)	-
Administrative & Other Operating Exp	-	19,201	19,201
	19,201	-	19,201
Net Investment Gain	<b>116,928</b>	<b>-</b>	<b>116,928</b>

### MATERIAL ADJUSTMENTS:

There were no material adjustments between previous GAAP measurements and IFRS.

## 13. FINANCIAL RISK MANAGEMENT

### (i) Overview

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

- credit risk
- liquidity risk
- market risks
- operational risk

This note presents information about the fund's exposure to each of the above risks, the fund's objectives, policies and processes for measuring and managing risk, and the fund's management of contributions.

### Risk Management Framework

The Board of Trustees has overall responsibility for the establishment and oversight of the fund's risk management framework. The Fund administrator is responsible for monitoring compliance with the fund's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the fund.

The Trustees gain assurance in relation to the effectiveness of internal control and risk management from: summary information in relation to the management of identified risks; detailed review of the effectiveness of management of selected key risks; results of Trustees' self-assessment process over internal control; and the advice of the other service providers, which ensures that Trustees understand the fund's key risks and risk management capability; sets standards on governance and compliance; and provides assurance over the quality of the fund's internal control and management of key risks.

The fund's risk management policies are established to identify and analyse the risks faced by the fund, to set appropriate risk limits and controls, and to monitor risks and adherence to these limits. Risk management policies and systems are reviewed regularly to reflect changes in the economic environment.

### (ii) 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.

### (iii) 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 withdrawals) when due.

### 13. FINANCIAL RISK MANAGEMENT (CONT'D)

The following are contractual maturities of financial assets:

31 December 2015:

i. Financial Assets	3 months or less GH¢	4 - 6 Months GH¢	7 - 12 Months GH¢	More than 12 Months GH¢
Money Market Investments		1,694,487		
Corporate Bond			-	259,288
Government Securities	-	969,558	-	-
	-	2,664,045	-	259,288

The following are contractual maturities of financial liabilities

31 December 2015:

i. Financial Liabilities	3 months or less GH¢	4 - 6 Months GH¢	7 - 12 Months GH¢	More than 12 Months GH¢
Other Payables and Accrued Expenses	17,249	-	-	-
Benefits Payable	12000	-	-	-
	<b>29,249</b>	-	-	-

#### (iv) Market Risks

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.

#### (v) Operational Risks

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.

## 14. FINANCIAL ASSETS AND LIABILITIES

### Accounting Classifications and Fair Values

The table below sets out the Fund's classification of each class of financial assets and liabilities. The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, in an arms-length transaction between knowledgeable willing parties.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

### Fair Values versus Carrying Amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

31<sup>st</sup> December 2015

i. Financial Assets	Fair Value through P/L	Investments Held To Maturity	Carrying Amount	Fair Value
	GH¢	GH¢	GH¢	GH¢
Bank Balance	-	210,392	210,392	210,392
Contribution Receivable	-	-	-	-
Interest Receivable	-	121,719	121,719	121,719
Money Market Investments	-	1,629,617	1,629,617	1,629,617
Corporate Bond	-	240,000	240,000	240,000
Government Securities	-	931,998	931,998	931,998
Quoted Investments	616,871	-	616,871	616,871
Loans and Receivables	-	-	-	-
	<b>616,871</b>	<b>3,133,725</b>	<b>3,750,596</b>	<b>3,750,596</b>

31<sup>st</sup> December 2015

ii) Financial Liabilities	Fair Value through P/L	Amortised Cost	Carrying Amount	Fair Value
	GH¢	GH¢	GH¢	GH¢
Other Payables and Accrued Expenses	-	17,249	17,249	17,249
Benefits Payable	-	12,000	12,000	12,000
	-	<b>29,249</b>	<b>29,249</b>	<b>29,249</b>

31st December 2014

i. Financial Assets	Fair Value through P/L	Investments Held To Maturity	Carrying Amount	Fair Value
	GH¢	GH¢	GH¢	GH¢
Bank Balance	-	47,007	47,007	47,007
Contribution Receivable	-			
Interest receivable	-	52,451	52,451	52,451
Money Market Investments	-	239,234	239,234	239,234
Corporate Bond	-	48,000	48,000	48,000
Government Securities	-	555,555	555,555	555,555
Quoted Investments	115,258		115,258	115,258
Loans and Receivables		-	-	-
	<b>115,258</b>	<b>942,248</b>	<b>1,057,505</b>	<b>1,057,505</b>

#### 14. FINANCIAL ASSETS AND LIABILITIES (CONT'D)

31st December 2014

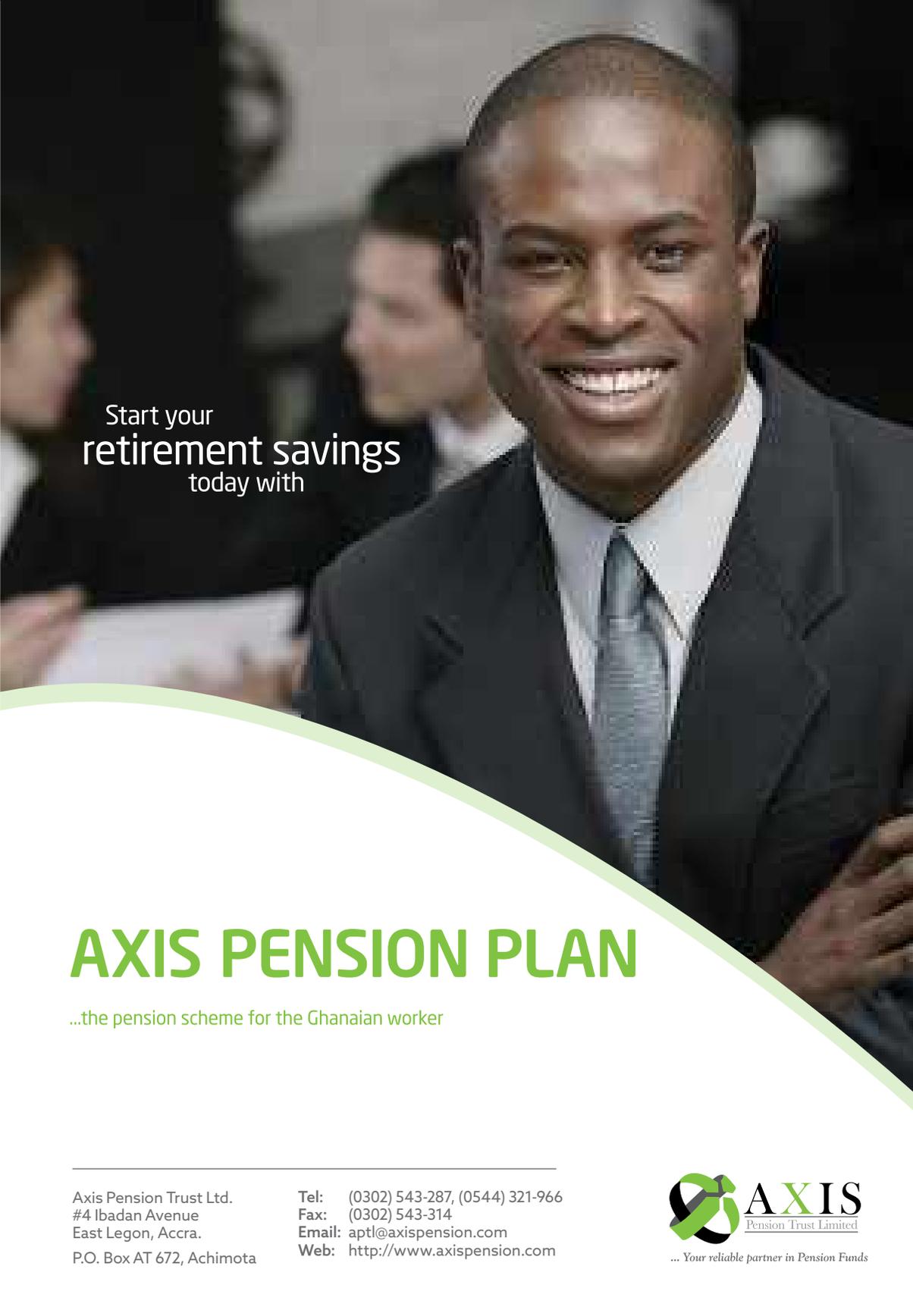
ii) Financial Liabilities	Fair Value through P/L	Amortised Cost	Carrying Amount	Fair Value
	GH¢	GH¢	GH¢	GH¢
Other Payables and Accrued Expenses	-	5,313	5,313	5,313
Benefits Payable		30,000	30,000	30,000
	-	<b>35,313</b>	<b>35,313</b>	<b>35,313</b>

#### 15. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2015 and the comparative periods presented

# GLOSSARY

<b>Asset Allocation</b>	The proportion of an investment portfolio allotted to various asset class.
<b>Asset Class</b>	A group of securities that exhibit similar characteristics and behave similarly in the marketplace.
<b>Asset Under Management</b>	The total market value of an investment portfolio at a given point in time.
<b>Benefits</b>	Proceeds of an investment in a pension fund payable to members.
<b>Beneficiary</b>	Designated dependants of a member nominated to receive benefits in the scheme in the event of the death of the member.
<b>Bonds</b>	A debt security under which the issuer owes the holder a specified amount under specified conditions.
<b>Corporate Trustee</b>	A company that has been licensed by the National Pensions Regularity Authority (NPRA) to manage pension schemes under a Trust.
<b>Custodian</b>	A bank authorised by NPRA to keep pension fund assets on behalf of the Trust.
<b>Defined Contribution Scheme</b>	A scheme in which a member's benefits are determined by his/her contributions and investment returns accrued to those contributions.
<b>Equities</b>	These are shares of a limited liability company.
<b>Fixed Income</b>	All investments which pay interest at a pre-agreed rate with a fixed maturity date.
<b>Income Replacement Ratio</b>	One's retirement income (monthly pension) as a percentage of his/her pre-retirement income.
<b>Life-Cycle</b>	It is an investment style by which members' contributions are invested in different investment packages according to their years to retirement.
<b>Master-Trust Scheme</b>	An investment scheme sponsored and run by a Corporate Trustee for employees of multiple organizations.
<b>Pension Scheme</b>	An arrangement by which an employer and, usually, an employee make regular contributions into a fund that is invested to provide the employee with income at retirement.
<b>Personal Pension Scheme:</b>	Pension schemes that allow individuals to enrol voluntarily and invest towards their retirement on individual basis.



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