

Universities Staff Occupational Pension Scheme

**Annual Report and Financial Statements
for the year ended 31 December 2023**

Universities Staff Occupational Pension Scheme

Annual Report and Financial Statements for the year ended 31 December 2023

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Universities Staff Occupational Pension Scheme

Annual Report and Financial Statements for the year ended 31 December 2023

GENERAL INFORMATION

Chairman, Board of Trustees
Member secretary

Dr. Andrews Doeh Agblobi
Mrs. Dorren Mould Ayiku

Sponsor of the Scheme

Vice Chancellors Ghana
University of Ghana, Legon
P.O.Box 25

Secretariat and Registered Office

3rd Floor Vice Chancellor
Ghana
IPS Road, near UPSA Hostel.
Tel: 030395510

Independent Trustee

Stephen Antwi-Asimeng
P.O. Box KA 9625
Accra
GD 191-4735

Scheme Administrator

Enterprise Trustees Limited
Advantage Place
Mayor Road
Ridge West

Fund Managers

Tesah Capital limited
Allied Height(Second Floor)
10 Olusegun Obasanjo Way
Abelenkpe

Fidelity Securities Ltd
Ridge Tower Ridge Accra
PMB 43 Cantonments

Custodian

CAL Bank Custody Services
No.23 Independence Avenue
Accra

Auditor

Intellisys
Chartered Accountants
No. 15 Lardzeh Crescent
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P. O. Box KN 4169
Kaneshie-Accra

Universities Staff Occupational Pension Scheme

Annual Report and Financial Statements for the year ended 31 December 2023.

Report of the trustees

To the members of Universities Staff Occupational Pension Scheme

Introduction

The Board of Trustees of Universities Staff Occupational Pension Scheme have pleasure in presenting their annual report together with the audited Financial Statements of the Scheme for the year ended 31 December, 2023.

Scheme's constitution and management

The Scheme is an Employer Sponsored defined contribution occupational pension Scheme established under a Trust Deed and in accordance with the National Pensions Act 2008 (ACT 766) as amended by National Pensions Act 2014, Act 883 and the Occupational and Personal Pension Schemes (General) Regulations, 2011 (L.I. 1990) to provide retirement benefits for employees of all public Universities in Ghana or any subsidiary or its associate that participates in the Scheme.

The management of the Scheme is under the control of the Board of Trustees and a Trust Deed that came into effect on 29 March, 2017. Members of the Board of Trustees are listed on page 2. The Trustees oversee the operation of the Scheme with a fiduciary duty to act in the interest of the Scheme's members.

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) as amended by the National Pensions (Amendment) Act 2014 (Act 883), 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' responsibility in respect of the financial statements

The Trustees are responsible for the preparation of the Scheme's Financial Statements which:

- show a true and fair view of the financial transactions of the Scheme during the year and of the amount and disposition of its assets and liabilities and pension benefits after the end of the Scheme year
- show a summary of significant accounting policies, and other explanatory notes in accordance with International Financial Reporting Standards (IFRS) and in a manner required by the Trust Deed and Scheme's Rules and in conformity with the National Pensions Act, 2008 (Act 766) as amended by the National Pensions (Amendment) Act, 2014 (Act 883)
- determine internal controls necessary and appropriate for the preparation of Financial Statements and ensuring that adequate accounting records are kept and taking steps that are reasonable to safeguard the assets of the Scheme, prevent and detect fraud, error and other irregularities.

The Trustees accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with International Financial Reporting Standards and in the manner required by the National Pensions Act, 2014 (Act 883) and the Occupational and Personal Pension Schemes (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 Universities Staff Occupational Pension Scheme.

Universities Staff Occupational Pension Scheme

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Report of the trustees (continued)

To the members of Universities Staff Occupational Pension Scheme

Governance statement to members of the scheme

As Trustees of the Scheme, we have reviewed and assessed our systems, processes and controls and other governance functions and found them to be consistent with the law.

We believe we have adopted best practices and acted in the best interests of all members of the Scheme and beneficiaries.

Scheme membership statistics

I. Movement during the year

Description	Number at beginning	Additions	Transfers In	Withdrawals	Number at year end
Active members	10,698	5,878	-	281	16,295

II. Summary statistics

Transfers Out	Other withdrawal	Retirement (Statutory)	Retirement (Early)	Permanent Emigration	Incapacitated members	Death
1	-	268	6	-	-	6

Transfers in

This represents contributors who transferred their contribution from other schemes.

Investment report

Statement of investment principles

We, the Trustees, attest that the Scheme's funds have been invested with the objective of obtaining safe and fair returns in accordance with the National Pensions Act 2008 (Act 766), the National Pensions (Amendment) Act, 2014 (Act 883) and the Guidelines on Investment of Scheme Funds.

We confirm that there has been full compliance with prohibitions on investments which include but are not limited to, use of Pension Scheme assets as collateral, investing outside maximum allowable limits, investing outside the scope of assets stipulated by the Guidelines on Investment of Scheme Funds and investing in securities issued by any issuer for which there exists a conflict of interest.

Universities Staff Occupational Pension Scheme

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Report of the trustees (continued)

To the members of Universities Staff Occupational Pension Scheme

Investment allocation

Asset Type	Maximum Allocation	Actual Allocation	Investment Income	2023	2022
				Year End Value	Year End Value
			GHS	GHS	GHS
Government of Ghana Bonds	75 %	71%	71,227,925	222,258,711	141,097,447
Local Government Bonds	25 %	19%	5,619,187	58,268,416	41,696,571
Corporate Bonds	35 %	7%	2,601,892	20,507,232	5,583,200
Money Market instruments	35 %	0.9%	496,829	2,944,440	-
Equity Investments	20 %	0.3%	59,782	1,089,262	718,862
Collective Investments	15 %	1%	-	2,255,950	2,653,444
Alternative Investments	25 %	2%	-	5,000,000	-
Cash and cash equivalents	-	1%	409,229	2,151,419	4,744,124
Total		100%	80,414,844	314,475,430	196,493,648

The table above relates to the Scheme's active investments. The scheme had more than doubled the investment income earned in 2023 as compared to year 2022 to GHS 80,414,844 from GHS 31,098,821. The Scheme has complied with asset allocation limits as prescribed by the NPRA guidelines on investment of Tier 2.

Financial statements highlights

The Statement of Changes in Net Assets Available for Benefits as presented on page 11 shows an increase in Net Assets available for benefits for the year of GHS 121,890,959 (GHS 75,225,781) for the previous financial year) and the Statement of Net Assets Available For Benefits on page 16 shows the Scheme's Net Assets as at 31 December 2023 amounting to GHS 323,087,226 (GHS 201,196,267 for the previous financial year).

Expenses

All expenses of the Scheme are charged against the Scheme. We confirm that expenses charged and deducted from the Scheme funds are those allowable under the National Pensions Act, 2008 (Act 766), the National Pensions (Amendment) Act, 2014 (Act 883), Guidelines on fees and charges and any other directives issued by the Authority from time to time.

Expense Type	Maximum Rate (%)	Actual Rate (%)	2023	2022
			Amount (GHS)	Amount (GHS)
NPRA Fee	0.33	0.33	899,838	582,029
Trustee Fees *	1.33	0.62	1,896,500	1,094,246
Administrator Fees *		0.61	1,678,507	1,282,976
Fund Manager Fee	0.56	0.35	899,516	614,120
Custodian Fee	0.28	0.18	490,837	317,470
Audit Fee			25,000	18,285
Investment Charges			5,580	7,889
Total	2.50	2.09	5,895,778	3,917,015

*The scheme administrator's actual payout rate was changed from 0.61% to 0.5% in November 2023, and this resulted in a shift for the trustees payout rate to 0.83% from 0.62% to give a total of 1.33%.

Universities Staff Occupational Pension Scheme

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Report of the trustees (continued)

To the members of Universities Staff Occupational Pension Scheme

Statement of disclosure to auditor

So far as the Trustees are aware, there is no relevant information of which the Scheme's Auditor is unaware. Additionally, Trustees have taken all necessary steps that ought to have been taken as Trustees to make them aware of all relevant audit information and to establish that the Scheme's Auditor is aware of that information.

The Trustees confirm that no matters have arisen since 31 December, 2023 which materially affects the Financial Statements of the Scheme for the year ended on that date.

The Financial Statements have been prepared in accordance with the Trust Deed and the National Pensions Act, 2008 Act (766) as amended by National Pensions Act 2014, Act 883 and the Occupational and Personal Pension Schemes (General) Regulations, 2011 (L.I. 1990).

Universities Staff Occupational Pension Scheme

Annual Report and Financial Statements for the year ended 31 December 2023

Report of the trustees (continued)

To the members of Universities Staff Occupational Pension Scheme

2023 Economic review

According to the International Monetary Fund (IMF), the world economy shown resilience, but in most countries near- and medium-term growth remain subdued and downside risks were elevated. In the context of tightening monetary policy stances to bring down inflation, successive shocks, including Russia's war on Ukraine, weighed on the economy and on macro-financial stability, including financial sector stress. Inflation moderated somewhat, but underlying price pressures remain sticky.

Debt vulnerabilities were elevated, with 60 percent of low-income countries and 25 percent of emerging market economies were in or at risk of debt distress. Debt-restructuring processes were sluggish. Meanwhile, inequality persisted within and across countries, and a record 350 million people in 79 countries face acute food insecurity.

Consequently, this dampened investor risk appetite which culminated in extensive capital outflows from emerging and frontier markets leading to local currency pressures with second-order inflationary consequences. The consequences of these shocks on the Ghanaian economy were amplified by country specific vulnerabilities and weak economic structures.

On the domestic front, Gross Domestic Product (GDP) growth has been sluggish within the year, falling from 3.80% end year 2022 to 3.10% in Q1 2023, and further fall through to 2.50% in Q2 2023 and to 2.0% in Q3 2023, the lowest since Q1 2021. The country ended the period under review with a full-year GDP growth 2.90%. However, the economic growth was expected at 3.80% for 2023 down from the earlier projection of 5.80%, on account of rising inflation and supply-chain bottlenecks.

The government's overall debt stock, which represents 105.00% of GDP in 2022 compelled the Government of Ghana to seek a USD 3.00 billion IMF balance of payment support. A Staff Level Agreement was reached in December 2022, and the IMF Board approval was reached in May 2023 after the government started restructuring of both domestic and external debts to sustainable levels. The Executive Board of the International Monetary Fund (IMF) approved an Extended Credit Facility (ECF) of the \$3 billion, 36-month Extended Credit Facility (ECF) Arrangement, to Ghana on May, 17, 2023.

Irrespective of the strong pushback by investors, the Domestic Debt Exchange Program (DDEP) was pursued by the government to its successful completion in the year. Initially pension funds were exempted, however, the government reviewed its initial offer to pension schemes and the scheme accepted to participate in the DDEP. The pension schemes did not have a choice as the government failed to honour the maturities and coupons between February and July 2023.

Universities Staff Occupational Pension Scheme

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Report of the trustees (continued)

To the members of Universities Staff Occupational Pension Scheme

The Government of Ghana in its efforts to reduce the Debt to GDP ratio to 55%, in present value terms by 2028, announced a suspension of payments on selected external debts on 19 December 2022. The announcement highlighted that the suspension would include payments on Ghana Eurobonds, commercial term loans, and most bilateral debt. Payments on multilateral debt, new debt contracted after 19 December 2022, and related short-term trade facilities will be excluded from this suspension. Following the completion of the DDEP and the country receipt of IMF inflow, the rating Agencies revised the country credit score upwards.

The Ghana Stock Exchange Composite Index sustained an upward trend till year end positive index of 28.08 In 2023. This was indeed a notable turn around from the negative (-12.68%) in 2022. The market was driven by the volume trades of MTN shares.

Developments in interest rates witnessed a downward trend across the various instruments, consistent with the tightening monetary policy stance and heightened risk emanating from the deteriorated government debt profile. The 91-day and 182-day Treasury bill rates fell to 29.36% and 31.95% respectively, in December 2023, from 35.36% and 35.98% respectively, in the same period of 2022. Similarly, the rate on the 364-day instrument declined to 32.49% in December 2023 from 35.89% in December 2022.

Month-on-month inflation fluctuated significantly during the year driven by hikes in prices of imported goods following the significant depreciation of the Ghana Cedi within the year. Headline inflation declined sharply from 54.10% in December 2022 to 23.20% in December 2023. Despite the Bank of Ghana's efforts to anchor inflation, we witnessed high monetary policy rate to 30.0%.

2024 Economic and financial market outlook

The 2023 fiscal year presented numerous challenges for financial markets globally, and many of these fears remain as we entered 2024. Supply-chain bottlenecks have not fully eased, with the war in Europe. This has prompted a re-evaluation of the expenditure priorities of major western countries amid concerns on what the outcome of the latest fixture of geopolitical tensions across the world will be. Nevertheless, while the continue reduction of inflation recorded in 2023 appear to have stop in 2024, it is imperative for global central banks to get the timing and magnitude of this cycle of interest rate cuts correct.

On the domestic front, 2024 heralds as both parliamentary and president election period in Ghana similar to about half of the countries in the world. There are unending price pressures across all sectors of the economy on consumer spending, producers, and businesses. Usually, the government have high propensity to spend beyond the budget allocations which distort already fragile macroeconomic fundamentals in election years.

According to Government's estimates, growth for this year is projected to be around 2.80% with the International Monetary Fund predicting a softer growth rate of 2.20%. It is expected that the Government-led economic recovery programs like CARES, YouStart, and a policy focus on the agricultural, manufacturing, and tourism sectors, would drive domestic growth in 2024.

Universities Staff Occupational Pension Scheme

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Report of the trustees (continued)

To the members of Universities Staff Occupational Pension Scheme

The Central Bank views the worst part of the inflationary pressures to have been recorded in 2022, and the lagged effect of the restrictive monetary policies implemented last year will work to curtail the risk of inflation. Together, with favorable base effects, it is expected that inflation will moderate by the end of the calendar year.

Moreover, should the implementation of vital policies that are meant to transform the import dependent nature of the Ghanaian economy prove successful, it could lead to a change in the expected long-term exchange rate path as predicted by fundamentals. These policies include reducing the import volume of food and consumables that can be manufactured domestically as well as barter transactions designed to enhance the sourcing of forex for the pricing windows of refined petroleum products. Overall, cedi depreciation this year should hit the mid-teens by the end of the year.

Ghana's expected enrollment onto a balance of payments support program with the IMF should see better expenditure rationalization from the government and a serious commitment to meet defined program targets with the Bretton Woods Institution. While it is unlikely that overall revenue outturn will outperform projections for this year in part owing to the impact of the domestic bond restructuring on tax revenue, discretionary spending will have to be limited to priority projects as part of expenditure adjustments. Consequently, it is expected that the government's deficit target of 7.70% for 2023 will be achieved.

On the fixed income markets, the introduction of new benchmark government bonds onto the domestic market will see a sharp correction in treasury yields in 2023. Treasury bill rates are anticipated to retreat to the low teens after ending 2022 above 35.00%. The secondary market should see an improvement in yields from the distressed levels of last year, however, the trading of new benchmark bonds and old bonds does not provide clarity on where average yields would end up settling.

2024 Portfolio strategy

The new investment guidelines and our outlook on the general economic and financial market performance in 2023 lead us to the following portfolio strategy:

- Refunding inflows from Cocoa Bills and Government of Ghana securities into other money market and structured investment vehicles.
- Investing in high-yielding income producing REITS and real assets.
- Investing in high-yielding income producing REITS and real assets.
- Take advantage of opportunities in the equities market to include stocks whose prices are highly discounted but have strong dividend yields into the Portfolio.
- Invest in short-term high yield NCDs, Reverse Repos and Fixed deposits with strong multi-national Banks.

Scheme performance

The University Staff Occupational Pension Scheme generated a net return of 19.36% for 2023 (2022: 19.14) with a closing unit price of GHS 51.43. Market indicators as at the end of the year were an average 91-day Treasury bill rate of 26.81% (2022: 23.90%), annual inflation of 23.2% (2022: 54.10%) year on year and Ghana Cedi depreciation of 27.81% (2022: 29.97%) against the United States Dollar in 2022 using the Bank of Ghana interbank exchange rate. The Scheme size grew from GHS 201,196,267 at the beginning of the year to GHS 323,087,226 year end, representing a growth of 60.58%.

Universities Staff Occupational Pension Scheme

Annual Report and Financial Statements for the year ended 31 December 2023

Report of the trustees (continued)

Board of trustees

The Board of Trustees had a resignation which led to the change of the Independent Trustee who had been part of the Board since its inception.

Name	License Number	Position	Date Appointed	Date Exited
Dr. Andrews Doe Agblobi	NPRA16031	Member/ Chairman	15-Feb-23	
Mr. Stephen Antwi- Asimeng	NPRA24016	Independent Member	1-Aug-23	
Dr. Sena Kpeglo-Freiku		Member	15-Feb-23	
Doreen Mould Ayiku		Member	15-Feb-23	
Mr. Ussif Hassan	NPRA 24023	Member	15-Feb-23	
Mr. George Ansong		Member	15-Feb-23	
Mr. Richard Boapea	NPRA/ ESPOS/12051/15347	Member	1-Jun-16	
Mr. Suleman Abdul Raman	NPRA 24022	Member	15-Feb-23	
Dr. Samuel Assabil	NPRA24020	Member	15-Feb-23	
Dr. Richard Amankwah Fosu	NPRA 24019	Member	15-Feb-23	
Mr. Benjamin Mensah- Gorman	NPRA 24027	Member	15-Feb-23	
Dr. Kodwo Jones Anson Boateng	NPRA 24027	Member	15-Feb-23	
Mr. Samuel Gordor Seshie	NPRA 24021	Member	15-Feb-23	
Mr. Issac Fenyi	NPRA 24026	Member	15-Feb-23	
Mr. Jonathan Kabu	NPRA 24025	Member	15-Feb-23	
Mr. Ken Puotiere Yelibbo		Member	15-Feb-23	
Mr. Kenneth Botchway	NPRA/ ESPOS/12051/15346	Member	1-Jun-16	

Universities Staff Occupational Pension Scheme

Annual Report and Financial Statements for the year ended 31 December 2023

Report of the trustees (continued)

To the members of Universities Staff Occupational Pension Scheme

Statutory requirement

The Trustees have complied with the requirements of the National Pensions Act 2008 (Act 766) as amended by National Pensions (Amendment Act) Act 2014 (Act 883) and the Occupational and Personal Pension Schemes (General) Regulations 2011 (L.I 1990), the guidelines and the directives by the Board of Trustees that have been issued from time to time.

Trustees representation & going concern consideration

The Board of Trustees confirm that no matters have arisen since 31 December 2023 which materially will affect the Scheme's Financial Statements as presented. The Trustees have made an assessment of the ability of the Scheme to continue as a going concern and have no reason to believe the Scheme will not be a going concern in the year ahead.


Conclusion

We would like to thank all our scheme members for the confidence reposed in us as their Trustees. We will look to exploit any opportunities in investment performance. In addition, we will continue with the on-going initiative to ensure the delivery of quality services and convenience for scheme members.

Approval of trustees report

The annual trustees report set out on pages 3 to 11 were approved by the Board of Trustees and were signed on their behalf by:

Dr. Andrews Doeh Agblobi
Chairman, Board of Trustees


Signature

1/11/2024
Date

Mr. Stephen Antwi-Asimeng
Independent Trustee


Signature

1/11/2024
Date

INDEPENDENT AUDITOR'S REPORT

To the Members of Universities Staff Occupational Pension Scheme

Opinion

We have audited the financial statements of Universities Staff Occupational Pension Scheme, which comprise the Statement of Net Assets Available for Benefits as at 31 December 2023, and the Statement of Changes in Net Assets Available for Benefits, Statement of Movement in Net Assets Available for Benefits and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Scheme as at 31 December 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) with the IAS 29 directive issued by the Institute of Chartered Accountants Ghana (ICAG) and in a manner required by the National Pensions Act, 2008 (Act 766), the National Pensions (Amendment) Act 2014 (Act 883) and the Occupational and Personal Pension Schemes (General) Regulations, 2011 (L.I. 1990).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have no key audit matter to report in this regard.

Emphasis of Matter

This section of our report is intended to describe the matters selected from those communicated with the Board of Trustees that, in our professional judgement, were most significant in our audit of the financial statements.

INDEPENDENT AUDITOR'S REPORT (Continued)

To the Members of Universities Staff Occupational Pension Scheme

IFRS 9 Compliance

IFRS 9 published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, impairment on financial assets, as well as new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 requires that credit losses on financial assets are measured and recognised using the 'expected credit loss (ECL) approach. Credit losses are the difference between the present value (PV) of all contractual cashflows and the PV of expected future cash flows. The ECL approach results in the early recognition of credit losses since it includes, not only losses that have already been incurred, but also expected future credit losses.

The Scheme has adopted for the first time, IFRS 9, in the current year. The impairment on investment were therefore made in accordance with the adopted IFRS 9 approach.

Other Information

The Board of Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustees for the Financial Statements

The Board of Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard (IFRS) with the IAS 29 directive issued by the Institute of Chartered Accountants Ghana (ICAG) and in a manner required by the National Pensions Act, 2008 (Act 766), the National Pensions (Amendment) Act, 2014 (Act 883) and the Occupational and Personal Pension Schemes (General) Regulations, 2011 (L.I 1990), and for such internal controls as the trustees determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risk of material misstatements 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 controls.

INDEPENDENT AUDITOR'S REPORT

To the Members of Universities Staff Occupational Pension Scheme

- Obtain an understanding of internal controls 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 internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The National Pensions Act, 2008 (Act 766), the National Pensions (Amendment) Act, 2014 (Act 883) and the Occupational and Personal Pension Schemes (General) Regulations, 2011 (L.I. 1990) requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i. 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.
- ii. Requirements specified in the Guidelines and under regulation 35 with respect to prohibited investment practices and the Guidelines on investment of pension funds under these Regulations have been complied with as at 31 December 2023.
- iii. In our opinion proper books of accounts have been kept by the Scheme so far as appears from our examination of those books, and
- iv. The Statement of Net Assets Available for Benefits as at 31 December 2023 and Statement of Changes in Net Assets Available for Benefits for the year ended 31 December 2023 are in agreement with the books of accounts.

The engagement partner on the audit resulting in this independent auditor's report is MyraStella Ansah (ICAG/P/1436).

Intellisys

Intellisys (ICAG/F/2024/078)

Chartered Accountants

No. 15 Lardzeh Crescent

North Dzorwulu

Accra



Date: 4th November, 2024

Universities Staff Occupational Pension Scheme

Annual Report and Financial Statements for the year ended 31 December 2023

Statement Of Changes In Net Assets Available For Benefits

Figures in GHS	Notes	2023	2022
Dealings with members			
Contributions	5	31,534,658	78,132,130
Benefits	6	(3,460,601)	(2,774,363)
Net additions from dealings with members		<u>28,074,057</u>	<u>75,357,767</u>
Return on Investments			
Investment income	7	80,414,844	31,098,821
Net gains on investment	8	952,322	5,402,498
Net Returns on Investment		<u>81,367,166</u>	<u>36,501,319</u>
Net impairment gain/(loss) on financial assets	9	38,134,787	(32,716,290)
Modification loss	10	(19,789,273)	-
Administrative Expenses	11	(5,895,778)	(3,917,015)
Net Increase in Assets for the year		<u>121,890,959</u>	<u>75,225,781</u>

The notes on pages 19 to 30 are an integral part of the financial statements.

Universities Staff Occupational Pension Scheme

Annual Report and Financial Statements for the year ended 31 December 2023

Statement Of Net Assets Available For Benefits

Figures in GHS	Notes	2023	2022
Assets			
Cash and cash equivalent	12	2,151,419	4,744,124
Financial assets at amortised cost	13	303,978,799	188,377,218
Financial assets at fair value through profit or loss	14	8,345,212	3,372,306
Accounts receivable	15	10,497,907	5,243,577
Total Assets		324,973,337	201,737,225
Members Funds and Liabilities			
Net Assets Available for Benefits		323,087,226	201,196,267
Current Liabilities			
Other payable	16	1,886,111	540,958
		1,886,111	540,958
Total Funds and Liabilities		324,973,337	201,737,225

The annual financial statements set out on page 15 to 30 were approved by the Board of Trustees on 1 November 2024 and were signed on their behalf by:

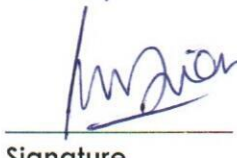
Dr. Andrews Doeh Agblobi


Signature

1/11/2024
Date

Mr. Stephen Antwi-Asimeng

Independent Trustee


Signature

1/11/2024
Date

The notes on pages 19 to 30 are an integral part of the financial statements.

Universities Staff Occupational Pension Scheme

Annual Report and Financial Statements for the year ended 31 December 2023

Statement Of Movement In Net Assets Available For Benefits

Figures in GHS	2023	2022
Description		
Net assets available for benefits at 1 January	201,196,267	125,970,486
Increase in net assets for the year	121,890,959	75,225,781
Net assets available for benefits at 31 December	323,087,226	201,196,267

The notes on pages 19 to 30 are an integral part of the financial statements.

Universities Staff Occupational Pension Scheme

Annual Report and Financial Statements for the year ended 31 December 2023

Statement Of Cash Flows

Figures in GHS	Notes	2023	2022
Cash flows from operating activities			
Increase in net assets for the year		121,890,959	75,225,781
Adjustments for:			
Investment income		(80,414,844)	(31,098,821)
Allowance for expected credit loss		(38,134,787)	32,716,290
Modification loss		19,789,273	-
(Increase)/Fair value(gain)/loss		(952,322)	(5,402,498)
(Increase)/Decrease in receivables		(5,254,330)	(5,243,577)
Increase/Increase in payables		1,345,153	66,436
Net cash flows from operating activities		18,269,102	66,263,611
Cash flows from investing activities			
Investment income		80,414,844	31,098,821
(Purchase)/Disposal of equity instrument		(200,002)	-
(Purchase)/Disposal of alternative investment		(5,000,000)	-
Disposal/(Purchase) of money market securities		(2,949,946)	9,691,957
Disposal/(Purchase) of Corporate bonds		(13,210,944)	22,187
Purchase of Government of Ghana bonds		(72,438,734)	(75,409,691)
Purchase of local Government bonds		(7,477,025)	(28,980,903)
Net cash flows used in investing activities		(20,861,807)	(63,577,629)
Net decrease in cash and cash equivalents		(2,592,705)	2,685,982
Cash and cash equivalents at beginning of the year		4,744,124	2,058,142
Cash and cash equivalents at end of the year	10	2,151,419	4,744,124

The notes on pages 19 to 30 are an integral part of the financial statements.

Universities Staff Occupational Pension Scheme

Annual Report and Financial Statements for the year ended 31 December 2023

Accounting Policies

1. Scheme information

The employer of staff from public universities is the sponsor of the Universities Staff Occupational Pension Scheme. The scheme is a tax-exempt approved plan under the National Pensions Act, 2008 (Act 766) and the National Pensions (Amendment) Act, 2014 (Act 883) and it is registered with the National Pensions Regulatory Authority (NPRA). Members and Employer contribution vary among participating employers.

Statement of Compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and the requirements of the National Pensions Act, 2008 (Act 766), the National Pensions (Amendment) Act, 2014 (Act 883) and the Occupational and Personal Pension Schemes (General) Regulations, 2011 (L.I. 1990).

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 value of pensions and other future benefits of the Scheme are not applicable to the financial statements. The principal accounting policies adopted in the preparation of these financial statements remains unchanged from the previous year.

2.1 Functional and presentation currency

The financial statements are presented in the currency of the primary economic environment in which the scheme operates (functional currency), for that purpose the financial statements are presented in Ghana cedis (GHS).

Transactions and balance

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

2.2 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), National Pensions (Amendment) Act, 2014 (Act 883) and the scheme Governing Rules.

2.3 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), the National Pensions (Amendment) Act, 2014 (Act 883) and the Occupational and Personal Pension Schemes (General) Regulations, 2011 (L.I. 1990) and the Scheme Governing Rules.

2.4 Investment Income

Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable. Dividend Income from investments is recognised when the shareholders' right to receive payment has been established.

Universities Staff Occupational Pension Scheme

Annual Report and Financial Statements for the year ended 31 December 2023

Accounting Policies

2.5 Financial instruments

Financial assets and financial liabilities are recognised in the Scheme's balance sheet when the Scheme becomes a party to the contractual provisions of the instrument. Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the statement of changes in net assets available for benefits. If the transaction price differs from fair value at initial recognition, the Scheme will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in the statement of changes in net assets available for benefits on initial recognition;
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 gain or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to the statement of changes in net assets available for benefits on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

a. Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, are subsequently measured at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at FVTOCI;
- all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Scheme may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

Universities Staff Occupational Pension Scheme

Annual Report and Financial Statements for the year ended 31 December 2023

Accounting Policies

- the Scheme may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in OCI; and

- the Scheme may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL

if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option)."

b. Debt instruments at amortised cost or at FVTOCI

The Scheme assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Scheme's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal outstanding. For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal).

Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Scheme determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The Scheme's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis."

The Scheme has more than one business model for managing its financial instruments which reflect how the Scheme manages its financial assets in order to generate cash flows. The Scheme's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Scheme considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the Scheme does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Scheme takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

Universities Staff Occupational Pension Scheme

Annual Report and Financial Statements for the year ended 31 December 2023

Accounting Policies

- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and

- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected). At initial recognition of a financial asset, the Scheme determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Scheme reassesses its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Scheme has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to statement of changes in net assets available for benefits. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to statement of changes in net assets available for benefits but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

c. Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in statement of changes in net assets available for benefits."

d. Reclassification

If the business model under which the scheme holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting periods following the changes in business model that results in reclassifying the scheme's financial assets.

During the current financial year and previous accounting period there was no change in the business model under which the Scheme holds financial assets and therefore no reclassifications were made.

e. Modification and derecognition of financial assets

A modification of the financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

f. Other financial liabilities

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Universities Staff Occupational Pension Scheme

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Accounting Policies

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

g. Derecognition of financial liabilities

The Scheme derecognises financial liabilities when, and only when, the Scheme's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of changes in net assets available for benefits.

2.6 Provisions

Provisions are recognised when the Scheme has a present legal or constructive obligation as a result of past events; it is probable that an outflow of economic 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.

2.7 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of net assets available for benefits.

2.8 New standards, amendments and interpretations not yet adopted

IFRS 9 - Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, as well as new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018. The Scheme is however yet to adopt IFRS 9.

3. Financial risk management, objective and policies

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

- i. Asset/Portfolio/Credit risk
- ii. Liquidity risk
- iii. Equity price risk
- iv. Interest rate risk
- v. Market risk
- vi. Operational risk

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

Universities Staff Occupational Pension Scheme

Annual Report and Financial Statements for the year ended 31 December 2023

Accounting Policies

3.1 Risk Management framework

- The Board of 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 analyse the risks faced by the Scheme, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.
- The Board of 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 Board of 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.

3.2 Asset/Portfolio/Credit Risk

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

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

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

The second part comprises the assessment of the risk characteristics of each asset; particularly in combination with the current portfolio. The risk of the individual assets is measured in the context of the effect of their returns on the overall portfolio volatility. The risk of financial loss to the Scheme if a counterparty to a financial instrument fails to meet its contractual obligations.

3.3 Liquidity risk

Liquidity risk is the risk associated with a situation where a Scheme does not have sufficient financial resources available to meet all of its obligations and commitments when they fall due, or can access them at an excessive cost. The Scheme maintains an investment policy, as approved by the Board of Trustees, which contains asset mix guidelines which help to ensure the Scheme is able to liquidate investments to meet its pension benefit or other obligations.

3.4 Market risk

Market Risk is the risk associated with changes in market prices, such as interest rate, equity prices and foreign exchange rates that will affect the Scheme's income or the value of its portfolio of financial instruments. Market price risk is managed by the Administrator through construction of a diversified portfolio of instruments traded on various markets and across various industries. In addition, market price risk may be hedged using derivative financial instruments such as futures contracts.

3.5 Equity Price risk

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

3.6 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.

Universities Staff Occupational Pension Scheme

Annual Report and Financial Statements for the year ended 31 December 2023

Accounting Policies

3.7 Operational risk

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

4. Use of estimates and Judgement

The preparation of financial statement in conformity with IFRS requires that, the Board of trustees makes judgement, estimates and assumption that affects the application of policies and reported amounts of assets, liabilities, income and expense. Estimates and underlying 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 judgement about the carrying values of assets and liabilities that are not readily apparent from the other sources. Actual results may differ from these estimates.

Universities Staff Occupational Pension Scheme

Annual Report and Financial Statements for the year ended 31 December 2023

Notes To The Annual Financial Statements

Figures in GHS

5. Contributions

Contribution	31,534,658	78,132,130
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An analysis of contributions is as follows:

Contribution received for the year under review	30,560,579	22,488,750
Contribution received from prior year	974,079	55,643,380
	<u>31,534,658</u>	<u>78,132,130</u>

The contribution received from prior year includes interest accrued on contribution outstanding from prior and current year.

6. Benefits

Pension benefits paid and due to members for the year amounted to GHS 3,460,601 (2022: GHS 2,774,363).

7. Investment income

Government of Ghana securities	71,227,925	25,906,301
Local Government securities	5,619,187	2,954,896
Corporate debt securities	2,601,892	1,518,413
Call interest income	409,229	529,535
Money market securities	496,829	117,615
Dividends received from quoted companies	59,782	72,061
	<u>80,414,844</u>	<u>31,098,821</u>

8. Net gains/ (losses) on investment

Unrealised and realised gain/(loss)

Gain/(loss) on valuation of Quoted equity	170,399	(113,141)
Loss on valuation of Corporate bond	(30,504)	(32,412)
Gain on valuation of Local Government bond	280,119	4,323,349
Gain on valuation of Ghana Government bond	929,803	1,063,787
Gain/(loss) on valuation of collective investment	(397,495)	160,915
	<u>952,322</u>	<u>5,402,498</u>

9. Impairment (gain)/loss on financial assets

Impairment for the year	332,314	32,716,290
Derecognition of impairment from prior year	(38,467,101)	-
	<u>(38,134,787)</u>	<u>32,716,290</u>

This represents the Scheme's Expected Credit Loss (ECL) measured in accordance with IFRS 9. The Expected Credit Loss is computed on the corporate bonds and the money market instruments held by the scheme.

10. Modification loss

19,789,273	-
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The scheme had a modification loss from Purchase Originated Credit Impaired (POCI) financial assets held at the year end. This loss is the difference between the fair value of the POCI instrument and its market value at the time of purchase.

Universities Staff Occupational Pension Scheme

Annual Report and Financial Statements for the year ended 31 December 2023

Notes To The Annual Financial Statements

Figures in GHS	2023	2022
11. Administrative expenses		
Audit fees	25,000	18,285
Fund manager fees	899,516	614,120
Investment charges	5,580	7,889
Custody fees	490,837	317,470
NPRA fee	899,838	582,029
Trustee fees	1,896,500	1,094,246
Administrator fees	1,678,507	1,282,976
	5,895,778	3,917,015
12. Cash and cash equivalent		
Call accounts	2,151,419	4,744,124
13. Financial assets at amortised cost		
Government of Ghana securities	242,047,984	168,679,447
Local Government Bond	58,268,416	50,511,272
Corporate Bond	20,834,040	7,653,600
Money market securities	2,949,946	-
Modification loss on GOG securities	(19,789,273)	-
	304,311,113	226,844,319
Impairment loss	(332,314)	(38,467,101)
Total of financial assets held at amortised cost	303,978,799	188,377,218

	Market value	Allowance for impairment loss	Total	Year end 2023
Concentration by type- 2023				
Government of Ghana Bond	222,258,711		222,258,711	222,258,711
Local Government Bond	58,268,416		58,268,416	58,268,416
Corporate Bond	20,834,040	(326,808)	20,507,232	20,507,232
Money Market Securities	2,949,946	(5,506)	2,944,440	2,944,440
Total	304,311,113	(332,314)	303,978,799	303,978,799

Universities Staff Occupational Pension Scheme

Annual Report and Financial Statements for the year ended 31 December 2023

Notes To The Annual Financial Statements

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	Market value	Allowance for impairment loss	Total	Year end 2022
Concentration by type- 2022				
Government of Ghana Bond	168,679,447	(27,582,000)	141,097,447	141,097,447
Local Government Bond	50,511,272	(8,814,701)	41,696,571	41,696,571
Corporate Bond	7,653,600	(2,070,400)	5,583,200	5,583,200
Money Market Securities	-	-	-	-
Total	226,844,319	(38,467,101)	188,377,218	188,377,218

Allowance for impairment loss

An analysis of the Scheme's credit risk exposure per class of financial asset, internal rating and "stage" without taking into account the effects of any collateral or other credit enhancement is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For exposure commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively:

Investment securities for the year 2023

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total	Year end 2023
Grade 1-3: Low to fair risk	82,052,402	-	-	222,258,711	304,311,113	304,311,113
Total gross carrying amount	82,052,402	-	-	222,258,711	304,311,113	304,311,113
Loss allowance	(332,314)	-	-	-	(332,314)	(332,314)
	81,720,088	-	-	222,258,711.00	303,978,799	303,978,799

Investment securities for the year 2022

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total	Year end 2022
Grade 1-3: Low to fair risk	226,844,319	-	-	-	226,844,319	226,844,319
Total gross carrying amount	226,844,319	-	-	-	226,844,319	226,844,319
Loss allowance	(38,467,101)	-	-	-	(38,467,101)	(38,467,101)
	188,377,218	-	-	-	188,377,218	188,377,218

This table summarises the loss allowance as at year end by class of exposure\ asset.

Investment at amortised cost	332,314	38,467,101
Debt investment securities at amortised cost	-	-
Debt investment securities at FVTOCI	-	-
	332,314	38,467,101

Universities Staff Occupational Pension Scheme

Annual Report and Financial Statements for the year ended 31 December 2023

Notes To The Annual Financial Statements

Figures in GHS	2023	2022
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The table below analyse the movement of the loss allowance during the year per class of assets.

Loss allowance- investment securities at amortised cost

2023	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Loss allowance at 1 January	38,467,101	-	-	-	38,467,101
Loss allowance recovered	(38,467,101)	-	-	-	(38,467,101)
Loss allowance for the year	332,314	-	-	-	332,314
Loss allowance at 31 December	332,314	-	-	-	332,314

2022	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Loss allowance at 1 January	5,750,811	-	-	-	5,750,811
Loss allowance for the year	32,716,290	-	-	-	32,716,290
Loss allowance at 31 December	38,467,101	-	-	-	38,467,101

The scheme's Government of Ghana Bonds are recognise as POCI financial assets after the implementation of the DDEP arrangement with the Government of Ghana.

14. Financial assets at fair value through profit or loss

Alternative investment	5,000,000	-
Collective Investment	2,255,950	2,653,444
Quoted Securities	1,089,262	718,862
	<u>8,345,212</u>	<u>3,372,306</u>

Collective investment disclosed above represents investment in mutual funds held with EDC Investment Limited, Databank Brokerage Limited and Stanbic Investment Managements Services.

15. Accounts receivable

Contribution receivable	<u>10,497,907</u>	<u>5,243,577</u>
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Below is an analysis of the contribution receivable as of year end;

	2023	2022
Over 90 days	1,613,392	1,779,698
61-90 days	128,824	992,646
31-60 days	1,363,652	575,856
Current	7,392,039	1,895,377
	<u>10,497,907</u>	<u>5,243,577</u>

16. Other payable

Fund manager fees	154,598	68,893
Benefit payable	136,256	93,417
Audit fee payable	25,000	18,285
Administrator fees	418,615	142,666
NPRA fees	169,340	64,721
Due to GOG (overpayment)	464,019	-
Trustee fees	425,916	117,674
Custody fees	92,367	35,302
	<u>1,886,111</u>	<u>540,958</u>

Universities Staff Occupational Pension Scheme

Annual Report and Financial Statements for the year ended 31 December 2023

Notes To The Annual Financial Statements

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17. Income Tax

Under Section 89 (1) of the National Pensions Act, 2008 (Act 766), the National Pensions (Amendment) Act, 2014 (Act 883) and Income Tax Act 2015 (Act 896) as amended, the Scheme is exempt from taxation.

18. Contingent and Commitments

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

19. Event after the reporting date

Events subsequent to the Statement of Net Assets Available for Benefits 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.

20. Going Concern

The Board of Trustees believe that the Scheme will be a going concern in the year ahead. For this reason we continue to adopt the going concern basis in preparing the annual financial statements.

Universities Staff Occupational Pension Scheme

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