



ANNUAL REPORT

2017

Report and Financial Statements presented
to the National Council of GNAT



Saving today for a brighter tomorrow

**2017 ANNUAL REPORT
& FINANCIAL STATEMENTS**

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SENA CHARTERED SECRETARIES LIMITED

(Corporate Secretaries, Management & Investment Consultants, Office Secretarial Services)

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TOTAL HOUSE
LIBERIA ROAD
P.O. BOX AN5520
ACCRA, GHANA

NOTICE OF MEETING

The twenty-one (21) days' notice was agreed to be waived by the Board of Trustees for the Tenth (10th) Annual General Meeting of the Teachers' Fund to be held on the Saturday the 9th day of February 2019 at 10:00a.m. at the Bediako Hall, GNAT Hall, Barnes Road, Greater Accra Region to transact the following business:

AGENDA

1. To consider and adopt the Financial Statements of the Company for the year ended 31st December 2017 together with the Reports of the Trustees and Auditors thereon.
2. To ratify the following appointments to the Board of Trustees;
 - a. Mr. David Kwabla Kattah - Chairman
 - b. Mr. Prince Charles Agyemang-Duah - Trustee
 - c. Dr. Kweku Ainuson - Trustee
 - d. Mr. Kojo Mattah - Trustee
 - e. Mr. Prince Amuzu - Trustee
 - f. Ms. Alberta Otoo - Trustee
 - g. Mr. Romeo Hademe - Trustee
3. To ratify the retirement of the following Trustees after the expiry of their tenure;
 - a. Mr. Asare George Yamoah
 - b. Mr. Jacob Kwame Kholi
 - c. Prof. Kofi Kumado
 - d. Mr. Anthony Jonathan Mensah
 - e. Mr. George Kwaku Achibra
 - f. Mr. Julius Neils Saka-Hesse
 - g. Mr. Kwame Boama Gyan
4. To re-appoint the External Auditors, Messrs Ernst & Young.
5. To authorize the Board of Trustees to fix the remuneration of the External Auditors.

*DIRECTORS: SAM OKUDZETO, FCIS (CHAIRMAN), MABEL OCRAN, ACIS (MANAGING)
FSINF OKUDZETO, LLB (HONS), BBA (HONS)*

By Order of the Board

*SENNA CHARTERED
SECRETARIES LIMITED
P. O. BOX AN 5520
ACCRA-NORTH*

COMPANY SECRETARY
SENA CHARTERED SECRETARIES LIMITED

CORPORATE INFORMATION

BOARD OF TRUSTEES

Asare George Yamoah (Chairman)
Joseph Nsobila Asaa
Adams Saaka
Kassim Issifu Amuda
Dorothy Monica Mensah
Michael Korletey
Charles Samuel Gyamfi
Kwame Boama Gyan
Julius Neils Saka-Hesse
Prof. Ko fiKumado
Jacob Kholi
David Ofori Acheampong
Anthony Jonathan Mensah
Dominic Adu
George Achibra

GENERAL MANAGER

Foster Buabeng

REGISTERED OFFICE

Number 59
7th Avenue Extention
North Ridge - Accra

SECRETARY TO THE BOARD

Sena Chartered Secretaries
P. O. Box AN5520
Accra, Ghana

AUDITORS

Ernst & Young
Chartered Accountants
P. O. Box KA 16009, Airport
G15, White Avenue
Airport Residential Area
Accra

BANKERS

Barclays Bank Ghana Limited
GCB Bank Limited
ADB Bank Ltd
Ecobank Ghana Limited
Societe General Ghana Limited
United Bank for Africa Limited

PROFILE OF THE BOARD OF TRUSTEES



DAVID KWABLA KATTAH

Board Chairman

David was appointed Chairman of the Teachers' Fund Board in March 2018.

He holds a Masters Degree in Teaching English as a Second Language and Bachelors in Linguistics with English from the University of Ghana. He also holds a Teachers Certificate 'A' from the Dambai College of Education. He has obtained certificates in Negotiation, Management, Leadership and Pensions from institutions in Ghana, United Kingdom and Germany. He is an Assistant Director of Education and Head of Department at the Keta Senior High Technical School. He has occupied various positions in GNAT over the past eighteen years. He rose gradually through the ranks of the Association from the position of school representative to Volta Regional Chairman.

He has also occupied other important positions outside GNAT such as Volta Regional Coordinator for the Coalition of Domestic Election Observers and President of the National Commission for Civic Education (NCCE) Club at the University of Ghana.



DOMINIC ADU

External Trustee

Dominic is the Chief Executive Officer of the GHL Bank Ltd. He was appointed to the Board in January 2010. He rose from the position of Investment Analyst of ACTIS (formerly CDC Capital Partners) in 1997 to become the Principal in charge of West Africa from 2001-2006. Dominic was the Finance Manager of Ashanti Goldfields Co. Ltd (Obuasi Goldmine) in 1997. Other experiences include Financial and Management Accountant with Watson Wyatt Worldwide (UK), Financial Accountant with Guys & St. Thomas Trust (UK) and Audit Senior with BDO Stoy Hayward (London). He has a Master's Degree in Financial Economics from the University of London and a Bachelor's Degree in Economics from Manchester University. He is also a member of ACA-England and Wales



KOJO MATTAH

External Trustee

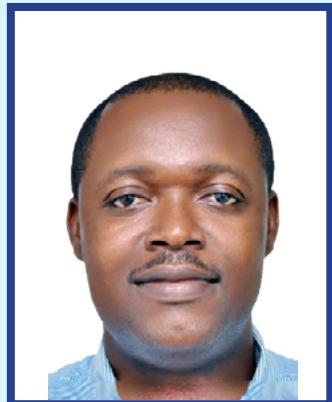
Mr. Kojo Mattah was appointed as a member of the Teachers' Fund Board in March 2018.

He is the Managing Director of ARP APEX Bank. He holds a Masters degree in Business Administration, with Distinction, from Cardiff University in Wales, United Kingdom. He is a member of the Institute of Chartered Accountants (Ghana), a member of the Chartered Institute of Marketing (CIM) UK and Ghana, and is currently the President of the Chartered Institute of Marketing, Ghana (CIMG). He is also a member of the Institute of Directors (Ghana).

He has over thirty years wealth of experience spanning banking, auditing, financial management, project and operations management, internal control, systems design and improvement.

Mr. Mattah has consulted for Rural and Community Banks, Savings and Loans companies and a variety of organizations that provide Financial Services. He was the National Director of SOS Children's Villages Ghana, where he spearheaded the construction of Kumasi and Tamale Children's Villages. He had worked with Metropolitan and Allied Bank (formally UT Bank) as Senior Manager in charge of Strategy, Finance and Management Information, and as Finance Manager at Barclays Bank Ghana Limited. Before joining Barclays Bank, he was Audit Manager at Benning Anang & Partners, a firm of Chartered Accountants.

He has served on the Boards of Credit Mall Limited and Anlo Rural Bank Limited. He is currently a member of the Board of the Ghana Broadcasting Corporation.



DR. KWEKU AINUSON

External Trustee

Dr. Kweku Ainuson was appointed as a member of the Teachers' Fund Board in March 2018. He is a lecturer at the faculty of law, University of Ghana where he teaches Company Law, Commercial Law and Natural Resource. Kweku was previously a visiting Assistant Professor and an Assistant Professor at Clemson University in South Carolina, USA and Mississippi State University in Starkville Mississippi, USA, respectively. He has several publications to his credit and has his articles in some leading peer reviewed journals in the world. Dr. Ainuson is also a partner at the law firm AB Lexmall Associates where his practice focuses on Corporate, Commercial and Natural Resource law. Dr. Ainuson went to Mfantsipim School. He has an LLB (Law) from University of Ghana, an LLM degree from University of Georgia in the United States and an MPA and PhD from Clemson University in South Carolina in the United States. Kweku has been a member of the Ghana Bar Association for over 10 years. He is also a member of the State of Georgia Bar (United States) where he is registered as a foreign law consultant.



DAVID OFORI ACHEAMPONG

Trustee - GNAT Headquarters

David is the General Secretary of GNAT and was appointed to the Board of the Fund in April 2016. He has worked with GNAT since 2006 as Metro GNAT Secretary for Accra Metro West and Tema Metro and as Regional Secretary for the Central Region for 3 years. He holds MA HRM from University of Cape Coast, BA Political Science and Sociology from University of Ghana and Diploma in Public Relations and Advertising from the Ghana Institute of Journalism.



DOROTHY MONICA MENSAH

Trustee - Central Region

Dorothy is a Financial Accounting Tutor at Ghana National College, Cape Coast. She holds a Master of Educational Administration and Management and a Bachelor of Education Degree in Accounting from the University of Education. She was appointed to the Board in January 2014. Mrs. Mensah was a member of the Board of Governors of Methodist SHS Old Student Representative from 2004 - 2014. Dorothy started her teaching career in 1995.



MICHAEL KORLETEY

Trustee - Greater Accra Region

Michael was appointed to the Board in January 2014. He holds a Bachelor of Education Degree in Basic Education from the University College of Education and a Diploma in Marketing from the Institute of Management Studies. He is a Board Member of Legacy Homes and Investment Company and also Sophia Memorial Schools. He is the Former Acting Greater Accra Regional Chairman of GNAT. He is currently the Headteacher of Kwashieman'1' Basic School.



CHARLES SAMUEL GYAMFI

Trustee - Eastern Region

Charles is currently the Welfare Officer of the Kwahu West Municipal Education Directorate. He was appointed to the Board in January 2014. He holds a Cert. A 3-year post/secondary (Accounting Bias) from S.D.A Training College. He has been the GNAT District Trustee for Kwahu South since 2009, a member of the Eastern Region GNAT Finance Committee from 2010 and the Regional Coordinator of CODEO since 2012.



JOSEPH NSOBILA ASAA

Trustee - Upper East Region

Joseph was appointed to the Board in January 2014. He is a Tutor and Senior Housemaster at Zebilla Senior High/ Technical School. He holds a Bachelor of Arts Degree in Political Science from the University of Ghana. He was the Chairman of God First business group from 2001 to 2006 and the National Finance and Administration Committee member of GNAT representing the Upper East Region from 2009 to 2013.



ADAMS SAKA

Trustee - Upper West Region

He is currently the Acting Principal of Wa Technical Institute. Adams was appointed to the Board in January 2014. He is a member of the Chartered Institute of Administrators and Management Consultants, Ghana. He holds a Master of Philosophy in Development Management from the University for Development Studies and a Bachelor of Education in Accounting from the University of Education. Adams is the immediate Past Regional Vice Chairman of GNAT in the Upper West Region.



KASSIM ISSIFU AMUDA

Trustee - Northern Region

He was appointed to the Board in January 2014. Kassim is currently a Tutor in Mathematics at Northern School of Business in Tamale. He holds a Bachelor of Commerce Degree from the University of Cape Coast. He is also the Branch Chairman of PPAG in Tamale and the Northern Regional Hockey coach.



PRINCE CHARLES AGYEMAN-DUAH

Trustee - Ashanti Region

Mr. Agyeman-Duah was appointed to the Board in March 2018. He holds a Masters Degree in Education in Advanced Psychology with Research and a Bachelor's degree in Education from the University of Cape Coast. He is a Deputy Director of Education and the Assistant Headmaster in charge of Administration at St. Joseph's Senior High/Technical School at Bekwai in the Ashanti Region. Prior to this appointment, he was the Teaching Practice Coordinator at the Akrokeri College of Education in the Ashanti Region.

He is also a Senior Tutor in School Administration and Management at the Serwaah Nyarko Centre of the Distance Education Programme organized by University of Cape Coast. He has held several positions in GNAT including the following: Chairman for Adansi West District, Member of Regional Finance Committee and Member of Education and Professional Development Committee. He is also a member of the Ashanti Regional GNAT Executive. He has been trained in Corporate Governance, Corporate Failures, Basic Finance, Interpretation of Financial Statements and Financial Administration in Senior High School.

PRINCE AMUZU

Trustee - Brong Ahafo Region

Mr. Amuzu was appointed to the Teachers' Fund Board in March 2018.

Prince holds a Master of Business Administration (MBA) in Accounting from the Kwame Nkrumah University of Science and Technology and a Bachelor of Education degree in Accountancy from the University of Education, Kumasi.

He is an Assistant Director with the Ghana Education Service and an Economics Tutor at the Presbyterian Senior High School at Bechem in the Brong Ahafo Region.

He was the Financial Secretary for the Student's Representative Council of University of Education Winneba (Kumasi Campus) from 2006 to 2007 and the Treasurer of the University Students Association of Ghana from 2007 to 2008.

Mr. Amuzu is a member of the GNAT National Budget Committee. He was a member of GNAT National Finance Committee from 2013 to 2017 and Brong Ahafo Regional GNAT Finance Committee from 2013 to 2017. He was once the local GNAT Secretary for the Brosankro local.

ROMEO HADEME

Trustee - Volta Region

Romeo holds a Masters Degree in Business Administration from the DeMontfort University, Leicester in England and a Bachelor's degree in Business Administration from the Ghana Institute of Public Administration (GIMPA).

He is currently the Unit Head of Administration and Finance at the District Education Office at South Tongu in the Volta Region. He has served as Headteacher of a number of Junior High Schools in the Volta Region and taught at both Basic and Second Cycle institutions. He served as the GNAT Chairman for South Tongu District in the Volta Region from 2006 to 2016. He has participated in a number of workshops in Entrepreneurship and Corporate Leadership. He was appointed to the Teachers Fund Board in March 2018.

ALBERTA OTOO

Trustee - Western Region

Miss Otoo was appointed to the Board in March 2018. She holds a Master of Education Degree with specialization in Administration from the University of Cape Coast where she also obtained her Bachelor's Degree.

Miss Otoo teaches at the St. Mary's Boys' Senior High School in Apowa in the Western Region. Alberta has held some important positions in the GNAT such as S.H.S Representative for the Ahanta West District and GNAT School Representative for Kweikuma Junior High School.

REPORT OF THE TRUSTEES TO THE MEMBERS OF THE TEACHERS' FUND

The Trustees have the pleasure in presenting to you their report together with the consolidated financial statements of Teachers' Fund and its subsidiaries for the year ended 31 December 2017.

STATEMENT OF TRUSTEES' RESPONSIBILITY

The Trustees are responsible for the preparation of these consolidated financial statements for each financial year, which give a true and fair view of the state of affairs of the Group. In preparing the consolidated financial statements, the Trustees have selected suitable accounting policies, applied them consistently, made judgements and estimates that are reasonable and prudent and have followed the International Financial Reporting Standards (IFRS) and the provisions of the Companies Act, 1963 (Act 179).

The Trustees are responsible for ensuring that the Group keeps proper accounting records that disclose with reasonable accuracy at any time the consolidated financial position, the consolidated financial performance and cash flows of the Group. The Trustees are also responsible for safeguarding the assets of the Group and taking reasonable steps for the prevention and detection of fraud.

NATURE OF BUSINESS

The nature of the Group's business is to:

- i. Supplement the retirement benefits of contributors;
- ii. Provide short, medium and long-term financing for its contributors through various loan schemes;
- iii. Invest in land, develop, build, sell or rent land and/or buildings or any form of real estate Developments; and
- IV. Facilitate the access of contributors to household consumer durables and electronic appliances at competitive prices.

SUBSIDIARIES OF THE GROUP

The consolidated financial statements of the Group include:

Name	Principal activities	% of Equity Interest	
		2017	2016
TF Financial Services Limited	Provision of micro financing.	100%	100%
Credit Mall Limited	Sale of hire purchase contracts.	100%	100%
TF Properties Limited	Rental of properties, development of real estate and others.	100%	100%
Aviance Ghana Limited	Airport ground handling and cargo services.	60%	60%

RESULTS

The results of the year are set out in the attached consolidated financial statements.

TRUSTEES CURRENTLY IN OFFICE

These are the Trustees in office at the time of signing these financial statements.

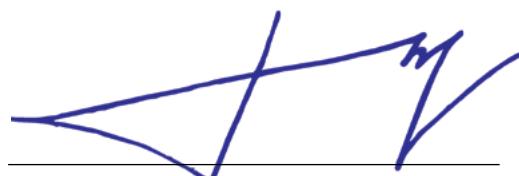
1. David Kattah (Chairman)
2. Dorothy Monica Mensah
3. Dominic Kwame Adu
4. David Ofori Acheampong
5. Kojo Mattah
6. Prince Charles Agyeman-Duah
7. Charles Samuel Gyamfi
8. Saaka Adams
9. Alberta Otoo
10. Kassim Amuda Issifu
11. Kweku Ainuson
12. Michael Korletey
13. Prince Amuzu
14. Romeo Hademe
15. Joseph Nsobila Asaa

AUDITORS

The Auditors, Ernst & Young, Chartered Accountants, having expressed their willingness, continue in office pursuant to Section 134 (6) of the Companies Act, 1963 (Act 179).

A handwritten signature in blue ink, appearing to read "David Kattah".

Trustee: 07/02/2019
Date:

A handwritten signature in blue ink, appearing to read "Dorothy Monica Mensah".

Trustee: 07/02/2019
Date:

CORPORATE GOVERNANCE

Teachers Fund recognizes the importance of good corporate governance as a means of sustained long term viability of the Fund. In line with this, Corporate Governance at Teachers Fund covers all the practical rules, organization, management and control of the Fund. This is aimed to guarantee a secured, transparent and balanced relationships between its management bodies, its control authorities and its shareholders.

THE BOARD OF TRUSTEES

The main tasks of the Board of Trustees are to ensure that the Fund's operations comply with the relevant applicable regulations and strategy defined. The Board is made up of fifteen members and met three (3) times during the year.

COMMITTEES TO THE BOARD

The Board has delegated various aspects of its work to the Executive, Investment, Audit and Nominating Committees.

EXECUTIVE COMMITTEE

David Kwabla Kattah	Chairman
Kojo Mattah	Member
Dr. Kweku Ainuson	Member
Dominic Adu	Member
David Ofori Acheampong	Member

INVESTMENT COMMITTEE

Members of the Committee are tasked to review investment proposals and make appropriate recommendations to the Board. The Investment Committee consists of ten (10) members.

Kojo Mattah	Chairman
Dr. Kweku Ainuson	Member
David Kwabla Kattah	Member
Dominic Adu	Member
David Ofori Acheampong	Member
Romeo Hademe	Member
Dorothy Monica Mensah (Mrs.)	Member
Saaka Adams	Member
Charles Samuel Gyamfi	Member
Joseph Nsobila Asaa	Member

Audit, Risk and Finance Committee

The Committee comprises of one External and four Regional Trustees. It is chaired by the External Trustee who has a strong background and experience in risk management, finance and audit.

The Committee meets to review the financial performance of the Fund, good corporate governance practices, the adequacy of the internal audit processes and internal control systems and the degree of business principles and any other relevant regulatory frame work. The Committee also reviews findings of the external auditors and advises management on the adoption and implementation of an appropriate risk management policies.

Dominic Adu	Chairman
Kassim Issifu Amuda	Member
Alberta Otoo	Member
Michael Korleterey	Member
Prince Amuzu	Member
Prince Charles Agyeman-Duah	Member

NOMINATING COMMITTEE

The primary objective of the Nominating Committee is to ensure that the Fund has a Board of competent and effective composition and is adequately charged to carry out its responsibility in the best interest of the Fund and its shareholders. This is in accordance with good corporate governance practice.

The Committee consists of four (4) members.

David Ofori Acheampong	Chairman
Joseph Nsobila Asaa	Member
Prince Amuzu	Member
Dorothy Monica Mensah (Mrs.)	Member

REPORT FROM THE CHAIRMAN

DAVID KWABLA KATTAH

Board Chairman



On behalf of the Board of Trustees and Management of Teachers' Fund, it is my pleasure to warmly welcome you to the Annual General meeting for the year 2017 and present to you, the Annual Report and Financial Statements of our Fund for the financial year ended 31 December 2017.

OPERATING ENVIRONMENT

In the year 2017, the economy of Ghana expanded at the fastest rate in five years. Gross Domestic product expanded 8.7 percent compared with 3.7 percent in 2016. The huge increase in the oil and gas output for the year largely contributed to this expansion.

Interest rates generally declined during the year with the Bank of Ghana policy rate reducing from 25.5% in December 2016 to 20% in December 2017. Similarly, the 91-day treasury bill rate closed the year at 13.35% from 16.43% in December 2016 whilst the 182- day treasury bill rate declined by 376 basis points to end the year at 13.88%.

FINANCIAL HIGHLIGHTS

In 2017, total revenue at the Fund level dropped from GH¢122.22 million to GH¢112.53 million recording an adverse variance of 7.93 percent. The reason for this was that during the year under consideration, interest rate on loans to members was reviewed downwards from 24 percent to 18 percent and this affected the income for the period. Again, some of the loans granted to our subsidiaries were converted to equity which also contributed to the fall in total revenue.

However, total revenue at the Group level saw an astronomical increase from GH¢138.76 million to GH¢292.33 million, an increase of 110.68 percent. What accounted for this was the income realized from Airport ground handling and cargo services (GH¢89.90 million) and revaluation gain on Investment Properties (GH¢59.68 million).

Total expenses of the Fund increased from GH¢20.38 million in 2016 to GH¢37.76 million in 2017, recording an unfavourable variance of 85.32 percent. In 2017, the Fund decided to improve upon its IT infrastructure and therefore made a lot of investment in that area in order to improve upon its services to members. Expenses incurred on IT increased from GH¢0.486 million in 2016 to GH¢3.85 million in 2017. As a result of fixed assets that were acquired during the reporting year,

depreciation expense also increased significantly from GH¢0.411million to GH¢1.59 million showing an unfavourable variance of 286 percent. Another expense item that contributed to the rise in total expenditure was Controller and Accountant General Departments' service charges which amounted to GH¢6.66 million in 2016 and increased to GH¢9.76 million in 2017. At the Group level, total expenditure to Income ratio saw an upward movement from 34.77 percent to 67.71 percent.

Total Assets of the Fund increased from GH¢650.08 million in 2016 to GH¢862.43 million in 2017 giving a favourable variance of 32.67 percent. The main driving force for this increment was the upward movement of loans and advances to members from GH¢326.83 million to GH¢491.68 million in 2016 and 2017 respectively. The Group also experienced a similar improvement in total assets, recording an increase of GH¢219.64 million or 27.20 percent.

Members' total contribution as at the end of the reporting period was GH¢463.28 million showing a favourable variance of 38.71 percent when compared to the amount of GH¢333.98 million recorded in the previous year.

Retained earnings for the Group improved by 21.71 percent at the Group level whilst the Fund increased its retained earnings from GH¢285.67 million in 2016 to GH¢342.22 million in 2017 representing an increase of 19.79 percent.

APPOINTMENT OF NEW BOARD CHAIRMAN

In accordance with the Trust Deed of the Fund, Mr. Asare George Yamoah's term of office as the Board Chairman of the Fund ended in December 2017. He joined the Board in January 2009 for a four-year term as a Trustee representing Greater Accra Region. Prior to the end of his term in December 2013 however, he was elected by the GNAT National Council in August 2013 as the Board Chairman and appointed in January 2014.

The National Executive of GNAT elected Mr. David Kwabla Kattah as the Acting Chairman of the Fund at an Emergency National Council Meeting at Abankro. His appointment was subsequently confirmed at a National Council meeting held on 1st November 2018.

Prior to this appointment, Mr. Kattah was the Volta Regional GNAT Chairman. He has occupied various positions in GNAT over the past eighteen years.

COMPLETION OF TENURE

The term of office of four Regional and two External Trustees ended in 2017. The Regional Trustees were Mr. Kwame Boama Gyan (Brong Ahafo), Mr. Julius Neils Saka-Hesse (Ashanti Region) Mr. Jonathan Mensah (Western Region) and Mr. George Achibra (Volta Region).The External Trustees were Mr. Joseph Kholi and Prof. Kofi Kumado.

As part of the processes to replace them, four new Regional Trustees were elected during the Regional GNAT conferences held in 2017 and subsequently appointed to the board. These were Prince Amuzu(Brong Ahafo), Prince Charles Agyeman-Duah (Ashanti Region), Alberta Otoo (Western Region) and Romeo Hademe(Volta Region). Mr. Kojo Mattah and Dr. Kweku Ainuson were also appointed to the board to replace the outgoing external trustees. These six new Trustees have been duly sworn into office.

LOANS

Over the past five years, the Fund's loans and advances has grown by an average yearly rate of 38% from GHC 138.50million in 2013 to GHC 491.68million in 2017. Over 60% of members have benefited from loans from the Fund to address various financial needs.

In 2017, over 48,000 members were granted loans totaling about GHS342million. One of the key objectives of the Fund has been to improve on the turn-around-time (TAT) for the loan delivery process. It is expected that the new systems being implemented will help to improve the loan turn-around -time significantly.

NEW SOFTWARE

Teachers' Fund has since November 2014 undertaken several activities aimed at the acquisition and implementation of an Enterprise Resource Planning (ERP) system for the Fund and its subsidiaries. The specific software chosen is Oracle E-Business Suite.

The purpose of the project is mainly to consolidate the current isolated systems into one system on one platform to ensure a single source of information for all transactions and automate the current manual processes to eliminate inefficiencies.

By close of year 2017, the Fund and its subsidiaries (with the exception of TF Financial Services Ltd) had successfully migrated unto the Oracle ERP Application.

The use of the new software has not been without any challenges but the Fund is determined to have these issues resolved to meet the objectives of the Oracle ERP Project.

RETIREMENT SEMINARS

The Teachers' Fund Retirement Seminar for members was instituted in 2017. It targeted an average of 400 members per district with the age range set on the demography of every district.

Participants were taken through the following topics by the resource persons.

- Psychological and Mental Preparedness for Retirement
- Understanding Tier 1, Tier 2 and GES Occupational Pension Scheme
- Using the Teachers' Fund to Plan for Your Retirement

Participants expressed their appreciation for the programme and suggested that it should be run for all teachers if possible. They were also offered the opportunity to increase their contributions by waiving the documentation required by the Controller and Accountant General's Department. It is envisaged that these seminars will boost optional contributions and contribute towards educating our members on productive retirement planning.

EARLY EXIT POLICY

The board has put in place an Early Exit Policy as one of the measures to address the increasing tendency of members to exit before retirement. The policy states that members who apply for voluntary exit before attaining sixty (60) years shall attract fifty percent (50%) penalty on their Return on Investment (ROI).

However, the following persons shall be exempted from the early exit penalty:

- Contributors with under/six months to the attainment of retirement at age 60.
- Deceased contributors confirmed with provision of proof of death.
- All contributors certified by a qualified medical practitioner to be permanently incapacitated or have life threatening and terminal illness.

TF PROPERTIES LIMITED

The performance of TF Properties Ltd during the financial year ending 31st December 2017 was a combination of successes and challenges. These included

1. Full occupancy status achieved at the James Topp Nelson Yankah Hall (a 1,000 Bed Capacity Hostel at University of Ghana Campus, Legon).
2. Drop in occupancy levels at the GNAT Heights, occasioned mainly by Legal action for ejection and recovery of possession brought against Broadband Home and merger between Airtel and Tigo resulting in the relocation of Airtel to Tigo's head office.

As a cost control measure, the company undertook a condition survey on the GNAT Heights and the Hostel with the view of mapping up a maintenance strategy for the ensuing year.

Steps are under way to market and refill the vacant spaces at the GNAT Heights in close collaboration with other Facility Management Companies and Estate Agents.

TEACHERS FUND FINANCIAL SERVICES LIMITED (TFFSL)

The success story of TFFS that started in 2016, continued in 2017. The new strategic focus on payroll backed lending resulted in the following;

- TFFS closed the year 2017 with a profit before tax of GHS 3.97m compared with the loss of GHS 6.84m recorded in 2016 (due to the reduction of all Contractor loans).
- An improvement in the return on equity (ROE) of negative 58% in 2016 to positive 13.8% in 2017. The 2017 ROE compared favourably with the 2017 industry average of 12.69%.
- The creation of new loans to the tune of GHS 44.39m in 2017 compared with GHS 25.04m in 2016.
- A Non-Performing Loan (NPL) ratio of 8.04% for consumer loans in 2017 compared to the 2016 NPL ratio of 15.44% and the Banking industry NPL ratio of 22% in 2017.
- A reduction in cost to income ratio of 94% in 2016 to 75% in 2017. TFFS seeks to get this further down to the industry average of 68% in 2018 with a strategy aimed at efficiently containing cost within budget.
- The 100% payment of TFFS's loan repayment obligation in 2017 to Teachers Fund. TFFS paid a total of GHS3.83m during 2017 to the Fund.
- The Capital Adequacy ratio of TFFS improved from 11% in 2016 to 34% in 2017 and was above the regulatory benchmark of 10%.

In 2018, TFFS will capitalize on its developed competencies in consumer lending by taking advantage of the growth opportunities in the economy while effectively responding to the

challenges that can potentially undermine its performance.

CREDIT MALL LIMITED (CML)

Financial Highlights

For the past five years, CML consistently showed an impressive improvement in profitability, growth, HP/finance income and net assets for the first four years till a sharp decline in the fifth year, 2016. In 2017, there was a further loss of GHC 133,980 more than the previous loss position of GHC 976,917. The picture is however not gloomy considering the firm's ability to fulfil its loan repayment obligation to the Fund and honor all tax obligations.

Operating Environment

Government's decision to cut down expenditure affected all businesses all year round. However, the greatest impact was felt by Credit Mall in the fourth quarter which is usually the period during which the Company usually records its highest sales. The cedi's continuous depreciation resulted in fluctuations in the pricing of the company's products which directly affected sales.

Products

The Company has added building materials to its product line and anticipates that this shall be CML's market leader in the near future.

Branch Offices

CML has its Head Office in Accra and two branches in Tamale and Kumasi, representing the Northern and Middle Belt respectively. It also recently opened branches in Ho and Takoradi to serve the Volta and Western regions and their environs. The Company also has Sales Agents marketing CML's products nationwide.

CONCLUSION

Finally, on behalf of the Board I would like to express my sincere gratitude to everyone who contributed to the gains the Fund made in 2017. I am grateful to our cherished members for remaining loyal to the Fund. I further express my appreciation to my fellow Trustees for their priceless efforts, wise counsel and continued support. My gratitude also goes to our dedicated staff for their hard work and commitment to the objectives of the Fund.

I wish to assure our members that we shall continue to adopt measures that will ensure that the Fund's vision of becoming the best performing private solidarity Fund is attained.

I thank you all and wish you the best.

Thank You



Are you in need of funds to pay...

- ✓ School fees
- ✓ Rent advance
- ✓ Any repair works
- ✓ Medical emergency
- ✓ Any other emergencies



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TEACHERS' FUND



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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Teachers' Fund set out on pages 24 to 66, which comprise the consolidated statement of financial position as at 31 December 2017, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Teachers' Fund as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 1963 (Act 179).

BASIS FOR OPINION

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

We are independent of the company in accordance with International Ethics Standards Board for Accountants (IESBA Code) and other independence requirements applicable to performing audits of Teachers' Fund. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing the audits of Teachers' Fund in Ghana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing the audits of Teachers' Fund in Ghana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the Trustees' Report as required by the Companies Act, 1963 (Act 179) and the Chairman's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

RESPONSIBILITIES OF THE TRUSTEES FOR THE FINANCIAL STATEMENTS

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 1963 (Act 179), and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company 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.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Companies Act, 1963 (Act 179) requires that in carrying out our audit we consider and report 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 purposes of our audit;
- ii. In our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books; and
- iii. The balance sheet (statement of financial position) and the profit or loss account (profit or loss portion of the statement profit or loss and other comprehensive income) of the company are in agreement with the books of account.



Signed by Kwadwo Mpeani Brantuo (ICAG/P/1152)
For and on behalf of Ernst & Young (ICAG/F/2019/126)
Chartered Accountants
Accra, Ghana

Date: 07/02/2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	The Group		The Fund	
		2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
Revenue					
Interest income	4	122,425,923	120,471,026	110,201,787	119,911,110
Dividend income	5	1,064,428	1,817,335	1,064,428	1,817,335
Hire purchase and rental income	6	15,088,659	14,740,216	-	-
Fair value gain on managed funds	7	188,281	57,713	188,281	57,713
Sundry income	8	3,988,434	1,671,881	1,073,494	430,846
Airport ground handling and cargo services	9	89,896,435	-	-	-
Revaluation gain on investment properties	21	59,682,707	-	-	-
Total investment income		292,334,867	138,758,171	112,527,990	122,217,004
Expense					
Direct costs	10	30,375,548	1,794,735	-	-
Cost of sales	11	6,371,998	6,096,965	-	-
Operating expenses	12	147,508,332	33,064,508	35,325,932	20,871,043
Credit loss expense/ (reversal)	13	3,360,372	7,294,888	2,437,189	(493,377)
Finance costs	29	10,319,544	-	-	-
Total operating expenses		197,935,794	48,251,096	37,763,121	20,377,666
Surplus before tax		94,399,073	90,507,075	74,764,869	101,839,338
Income tax expense	14(a)	(21,107,643)	871,733	-	-
Surplus after tax		73,291,430	91,378,808	74,764,869	101,839,338
Other comprehensive Income not to be reclassified in subsequent periods:					
Available for sale reserves		11,244,413	(3,798,052)	11,244,413	(3,798,052)
Total comprehensive income for the year		84,535,843	87,580,756	86,009,282	98,041,286
Surplus attributable to :					
Equity holders of the parent		92,858,233	91,378,808	74,764,869	101,839,338
Non-controlling interests		(19,566,803)	-	-	-
73,291,430		91,378,808	74,764,869	101,839,338	
Total comprehensive income attributable to					
Equity holders of the parent		104,102,646	87,580,756	86,009,282	98,041,286
Non-controlling interests		(19,566,803)	-	-	-
84,535,843		87,580,756	86,009,282	98,041,286	

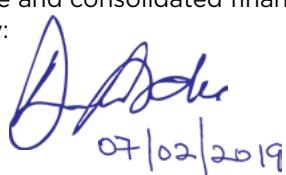
Notes 1 to 42 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Notes	The Group		The Fund	
		2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
ASSETS					
Cash and cash equivalents	15	35,218,637	17,557,564	31,682,946	13,483,090
Loans and advances	16	536,972,190	353,289,992	491,683,509	326,830,877
Trade and other accounts receivable	17	44,081,258	49,426,707	1,052,183	12,071,195
Managed funds	18	25,506,597	20,716,357	25,506,598	20,716,357
Financial assets - available for sales	19	38,395,870	24,133,055	38,395,870	24,133,055
Financial assets - held to maturity	20	81,009,534	83,181,798	81,009,534	83,181,798
Investment properties	21	202,496,365	142,771,264	-	-
Inventory and other assets	22	3,243,008	3,918,183	-	-
Corporation tax asset	14(b)	3,934,987	6,169,729	-	-
Deferred tax asset	14(c)	-	4,107,919	-	-
Goodwill and intangible assets	23	42,198,022	89,999,716	4,792,840	-
Property, plant and equipment	24	14,117,667	12,263,840	5,965,889	936,039
Equity investment in subsidiaries	25	-	-	123,332,033	116,087,565
Loan to subsidiaries	26	-	-	59,015,944	52,645,262
Total assets		1,027,174,135	807,536,124	862,437,346	650,085,238
Liabilities					
Trade and other accounts payable	27	54,664,920	36,072,244	29,108,986	13,844,609
Warranty provision	28	74,115	71,852	-	-
Deferred tax liability	14(c)	26,737,775	16,836,119	-	-
Loans and borrowings	29	38,541,627	43,930,082	-	-
Defined benefit plan	30	7,392,016	6,476,437	-	-
Total liabilities		127,410,453	103,386,734	29,108,986	13,844,609
Net assets attributable to Fund contributors		899,763,682	704,149,390	833,328,360	636,240,629
Net assets attributable to Fund contributors					
Members' Fund		463,275,085	333,978,088	463,275,085	333,978,088
Retained surplus		415,399,309	341,301,663	342,219,670	285,673,349
Statutory reserve	31	3,020,018	1,629,768	-	-
Regulatory risk reserve	32	383,854	1,232,065	-	-
Available for sale reserves	33	27,833,605	16,589,192	27,833,605	16,589,192
Non-controlling interest (NCI)	34	(10,148,189)	9,418,614	-	-
Total net assets attributable to Fund contributors		899,763,682	704,149,390	833,328,360	636,240,629

The separate and consolidated financial statements were approved by the Board of Trustees and signed on its behalf by:

Trustee
Date:


07/02/2019

Trustee
Date:


07/02/2019

Notes 1 to 42 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO GROUP MEMBERS FOR THE YEAR ENDED 31 DECEMBER 2017

The Group	Members' Fund GH¢	Retained surplus GH¢	Statutory reserve GH¢	Available for sale reserves GH¢	Regulatory credit risk reserve GH¢	Non-controlling interest GH¢	Total GH¢	
							As at 1 January 2017	As at 31 December 2017
Other comprehensive income	333,978,088	341,301,663	1,629,768	16,589,192	1,232,065	9,418,614	704,149,390	704,149,390
Surplus for the year	-	-	-	11,244,413	-	-	11,244,413	11,244,413
Gross member contribution	150,986,673	-	-	-	-	-	73,291,430	73,291,430
Exit payments	(21,689,676)	-	-	-	-	-	150,986,673	150,986,673
Return on members exits	-	(18,218,548)	-	-	-	-	(21,689,676)	(21,689,676)
Transfer from regulatory risk reserve	-	848,211	-	-	-	-	(18,218,548)	(18,218,548)
Transfer to statutory reserve	-	(1,390,250)	1,390,250	-	-	-	-	-
As at 31 December 2017	463,275,085	415,399,309	3,020,018	27,833,605	383,854	(10,148,189)	899,763,682	
As at 1 January 2016	251,530,185	260,981,695	1,629,768	20,387,244	2,674,616		537,203,508	
Other comprehensive income	-	-	-	(3,798,052)	-	-	(3,798,052)	(3,798,052)
Transfer from credit risk reserve	-	1,442,551	-	-	(1,442,551)	-	-	-
Surplus for the year	-	91,378,808	-	-	-	-	91,378,808	91,378,808
Exit payments	(12,654,159)	-	-	-	-	-	(12,654,159)	(12,654,159)
Gross member contribution	95,102,062	-	-	-	-	-	95,102,062	95,102,062
Return on members exits	-	(12,501,391)	-	-	-	-	(12,501,391)	(12,501,391)
Non-controlling interest	-	-	-	-	-	9,418,614	9,418,614	9,418,614
As at 31 December 2016	333,978,088	341,301,663	1,629,768	16,589,192	1,232,065	9,418,614	704,149,390	

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO GROUP MEMBERS FOR THE YEAR ENDED 31 DECEMBER 2017

The Fund	Members' Fund GH¢	Retained surplus GH¢	Available for sale reserves GH¢	Total GH¢
As at 1 January 2017	333,978,088	285,673,349	16,589,192	636,240,629
Other comprehensive income	-		11,244,413	11,244,413
Surplus for the year	-	74,764,869	-	74,764,869
Gross member contribution	150,986,673	-	-	150,986,673
Exit payments	(21,689,676)	-	-	(21,689,676)
Return on members exits	-	(18,218,548)	-	(18,218,548)
As at 31 December 2017	463,275,085	342,219,670	27,833,605	833,328,360
As at 1 January 2016	251,530,185	196,335,402	20,387,244	468,252,831
Other comprehensive income	-	-	(3,798,052)	(3,798,052)
Surplus for the year	-	101,839,338	-	101,839,338
Gross member contribution	95,102,062	-	-	95,102,062
Exit payments	(12,654,159)	-	-	(12,654,159)
Return on members exits	-	(12,501,391)	-	(12,501,391)
As at 31 December 2016	333,978,088	285,673,349	16,589,192	636,240,629

CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

OPERATING ACTIVITIES	Note	The Group		The Fund	
		2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
Net income for the year before tax		94,399,073	90,507,075	74,764,869	101,839,338
Non-cash items adjustments:					
Add depreciation of property, plant and equipment	24	5,138,802	1,035,651	988,025	411,001
Add amortization of intangible assets	23	1,011,718	-	599,036	-
Less surplus on sale of property, plant and equipment		(10,000)	(15,000)	-	-
Less revaluation gain on investment properties	21	(59,682,707)	-	-	-
Impairment		52,181,854	-	1,755,532	-
Net cash from operating activities before working capital changes		93,038,740	91,527,726	78,107,462	102,250,339
Increase in trade and other accounts payable		18,592,675	13,250,900	15,264,377	2,514,570
(Increase)/decrease in trade and other accounts receivable		5,345,449	(29,520,478)	11,019,010	(11,452,869)
Increase in loans and advances		(183,682,198)	(78,748,008)	(164,852,632)	(79,008,321)
Increase in managed funds		(4,790,240)	(4,585,180)	(4,790,240)	(4,585,180)
Increase in financial assets		(3,018,402)	(4,282,244)	2,172,264	(4,282,245)
Increase in other assets		675,175	(2,077,320)	-	-
Increase/(decrease) in other liabilities		-	(800,399)	-	-
Increase in provisions		2,263	14,574	-	-
Cash used in operations before tax		(73,836,538)	(15,220,429)	(63,079,759)	5,436,294
Tax paid		(4,863,325)	(1,236,968)	-	-
Net cash (used in)/ generated from operating activities		(78,699,863)	(16,457,397)	(63,079,759)	5,436,294
INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		10,000	117,298	-	-
Purchase of property, plant and equipment		(6,992,629)	(10,688,181)	(6,017,875)	(727,657)
Equity investment in subsidiaries		(42,394)	-	(9,000,000)	(97,768,893)
Purchase of investment properties	21	2,172,264	(247,006)	-	-
Equity investment in listed and unlisted securities		2,172,264	(203,599)	(3,018,400)	(203,599)
Purchase of intangible assets	23	(5,391,878)	(89,999,716)	(5,391,878)	-
Net cash used in investing activities		(10,244,637)	(101,021,204)	(23,428,153)	(98,700,149)
FINANCING ACTIVITIES					
Membership contributions		150,986,673	95,102,062	150,986,673	95,102,062
Exit payments		(21,689,676)	(12,654,159)	(21,689,676)	(12,654,159)
Return on exit payment		(18,218,548)	(12,501,391)	(18,218,548)	(12,501,391)
Loans and borrowings		(5,388,455)	43,930,082	-	-
Defined benefit plan		915,579	6,476,437	-	-
Loan repayment / to subsidiary		-	-	(6,370,682)	32,928,865
Net cash generated from financing activities		106,605,573	120,353,031	104,707,767	102,875,377
Increase in cash and cash equivalents		17,661,073	2,874,430	18,199,855	9,611,522
Cash and cash equivalents as at 1 January	15	17,557,564	14,683,134	13,483,090	3,871,568
Cash and cash equivalents as at 31 December	15	35,218,637	17,557,564	31,682,945	13,483,090

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

1. CORPORATE INFORMATION

The financial statements of Teachers' Fund and its subsidiaries (collectively, the Group) for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Trustees.

The principal activities of the group include: -

- I. Supplement the retirement benefits of contributors;
- II. Provide short, medium and long-term financing for its contributors through various loan schemes;
- III. Invest in land, develop, build, sell or rent land and/or buildings or any form of real estate developments.
- IV. Facilitate the access of contributors to household consumer durables and electronic appliances at competitive prices.
- V. Sale of hire purchase contract.
- VI. Rental of investment properties.
- VII. Micro financing etc.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis, except for available-for-sale (AFS) financial assets, investment properties and financial assets held for trading which have been measured at fair value. The financial statements are presented in Ghana Cedis.

2.2 Presentation of financial statements

The Group presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 35. Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the consolidated income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if,

and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.4 Revenue

Interest income

Interest income and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

Dividend income

Dividend income is recognised on the date when the Group's right to receive the payment is established.

Net gain or loss on financial assets at fair value through surplus or loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as fair value through surplus or loss.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period. They represent the difference between an instrument's initial carrying amount and disposal amount.

Rental income

Rental income from operating leases is recognised in income on a straight-line basis over the lease term. When the Group provides incentives to its customers, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

2.5 Taxation

The Fund is exempt from corporate taxes. The subsidiaries of the Group are however not exempted from taxation.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the Ghana Revenue Authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting surplus nor taxable surplus or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets and borrowing costs. The purchase price or construction cost is the aggregate of the amount paid and the fair value of any other consideration given to acquire the asset.

The straight-line method is adopted to depreciate the cost of items of property, plant and equipment less any estimated residual value of the assets over their expected useful lives. The Group estimates the useful lives of other assets in line with their beneficial periods. Where parts of an item of property, plant and equipment have different useful lives and is significant to the total cost, the cost of that item is allocated on a component basis among the parts and each part is depreciated separately.

	Rate (%)
Office equipment	25.0
Furniture and fittings	12.5
Computers and accessories	33.3
Motor vehicles	25.0
Buildings	3.0
Leasehold land	Remaining lease period

Residual values, useful lives and the depreciation method are reviewed and, adjusted if appropriate at each reporting date. Changes are accounted for prospectively. The cost of assets built by the Group includes the cost of material and direct labour as well as any other costs directly attributable to bringing the asset to a working condition as intended by management. Once the assets are available for use, depreciation commences. Expenditure on major maintenance or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off or is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the replacement expenditure is capitalised. Where part of the asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced assets which is immediately written off. All other maintenance costs are expensed as incurred. The carrying amount of property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. An item of property,

plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the period in which the item is derecognized.

2.7 Intangible assets

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

Impairment testing of goodwill:

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Other Intangible assets

Intangible assets include computer software mainly accounting reporting software. Intangible assets acquired separately are measured on initial recognition at cost. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the income statement when it is incurred.

All finite-lived intangible assets, including software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 4.15.

Subsequent expenditures on the maintenance of computer software are expensed as incurred. When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

2.8 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less. Short-term investments that are not held for meeting short-term cash commitments and restricted margin accounts are not considered as 'cash and cash equivalents'. For the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

2.9 Financial Instruments

2.9(i) Classification

The Group classifies its financial assets and financial liabilities at initial recognition into the following categories, in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

Financial assets at fair value through surplus or loss.

The category of financial assets at fair value through the surplus or loss is sub-divided into:

Financial assets and liabilities held for trading: financial assets are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term. This category includes equities with managed Funds. Financial instruments designated as fair value through surplus or loss upon initial recognition. No financial asset has been designated at fair value through surplus or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group includes in this category amounts relating to loans and advances and other short-term receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity.

AFS financial assets

AFS financial assets include equity investments securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through surplus or loss.

2.9(ii) Recognition

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

2.9(iii) Initial measurement

Financial assets and financial liabilities at fair value through surplus or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in surplus or loss. Loans and receivables, financial assets held to maturity and financial liabilities (other than those classified as held for trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue. For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, the Group recognises the difference in the statement of comprehensive income, unless specified otherwise.

2.9(iv) Subsequent measurement

After initial measurement, the Group measures financial instruments which are classified as at fair value through surplus or loss, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at fair value through

surplus or loss. Interest and dividend earned or paid on these instruments are recorded separately in interest revenue or expense and dividend revenue or expense. Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in surplus or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The key assumptions applied by the Group in assessing loan impairment are detailed below.

1. Loans granted four months or less before the reporting year are not considered in the individual assessment of impairment because it takes an average of four months for the first repayment on a loan to be affected by the Controller. These loans are subjected to a collective impairment.
2. All other loans with more than 30 days of delinquency are considered to exhibit evidence of impairment and are therefore subjected to an individual impairment assessment.
3. Customers with other direct evidence of impairment i.e. death are also subjected to individual direct impairment.
4. Loans which were more than 30 days delinquent as at the reporting date but subsequently, have repayments from the month after the reporting date to the date the final statements are issued are considered not to have evidence of impairment. These loans are however, subjected to a collective impairment assessment.
5. Loans which subsequent to the reporting date had repayments but three months before the financial statements were issued, had shown sign of delinquency are also subjected to a full impairment analysis by comparing the carrying amounts to the recoverable amounts as at the reporting date.
6. Loans which are individual assessed for impairment but found not to be impaired are subsequently subjected to a collective impairment.

The collective impairment is based on an expected exit rate of the Fund as estimated by the Fund Managers.

2.9(iv) Subsequent measurement

If there is evidence of impairment leading to an impairment loss, the carrying amount of the loans is reduced by the use of an allowance account and the amount of the loss is recognised in the Statement of comprehensive Income as a component of the provision for credit losses.

At each balance sheet date, all impaired loans are reviewed for changes to their recoverable amounts. Any change to the previously recognised impairment loss is recognised as a change to the allowance account and recorded in the Statement of comprehensive Income as a component of the provision for credit losses. When it is considered that there is no realistic prospect of recovery and all collateral has been realised, the loan and any associated allowance is charged off (the loan and the related allowance are removed from the balance sheet). Financial liabilities, other than those classified as at fair value through surplus or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in surplus or loss when the liabilities are derecognised, as well as through the amortisation process. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or received between parties to

the contract that are an integral part of the effective interest rate.

After initial measurement, available for sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the available for sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in surplus or loss, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of surplus or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

2.9(v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

- (a) the Group has transferred substantially all the risks and rewards of the asset
Or
- (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. The Group derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

2.10 Investment properties

Investment property is held for long-term rental yields or for capital appreciation or both, and is not occupied by the Group. Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the statement of comprehensive income in the year in which they arise, including the corresponding tax effect. Investment property is derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses at the retirement or disposal of investment property. Any gains or losses are recognised in the statement of comprehensive income in the year of retirement or disposal. Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period financial statements.

2.11 Provisions

Provisions are made for expected warranty costs when revenue from sales of hire purchase contracts.

In the statement of income warranty costs are reported as part of Other operating expenses and in statement of financial position as warranty provisions. Calculation of warranty provision is based on the history of past warranty costs and claims in similar kind of contracts and management judgment.

2.12 Impairment of non-financial assets

Property, plant and equipment 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. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable Cash Generating Units (CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGUs). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Group evaluates impairment losses for potential reversals when events or circumstances may indicate such consideration is appropriate. The increased carrying amount of an asset shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years.

2.13 Fair value measurement

The Group measures its investments properties, financial assets available for sale and financial assets held for trading, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market.

Where the Group has financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk, it has elected to use the measurement exception provided in IFRS 13 to measure the fair value of its net risk exposure by applying the bid or ask price to the net open position as appropriate.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

All assets for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that

is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.14 Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of surplus or loss. The Group engaged an independent valuation specialist in 2017 to assess fair value for investment properties. The fair values used in 2017 still reflect the previous valuation figures. The valuation of investment properties were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date and will not restate

comparative information. During 2017, the Group has performed a detailed impact assessment on the adoption of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt IFRS 9. Overall, the Group expects a significant impact on its statement of financial position and equity mainly resulting from the effect of applying the impairment requirements of IFRS 9. The Group expects an increase in the loss allowance resulting in a negative impact on equity as discussed below. In addition, the Group will implement changes in classification of certain financial instruments.

(a) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity in applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value through profit or loss however, unquoted equity shares currently held at cost will be reclassified as fair value through other comprehensive income and be measured as fair value. Debt securities are expected to continue to be measured at amortised cost.

Loans and advances to customers are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

IFRS 9 FINANCIAL INSTRUMENTS

(b) Impairment

Overview

IFRS 9 will also fundamentally change the loan loss impairment methodology. The standard will replace IAS 39's incurred loss approach with a forward-looking expected loss (ECL) approach. The Group will be required to record an allowance for expected losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.

The Group has established a policy to perform an assessment at the end of each reporting period of whether credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument.

- To calculate ECL, the Group will estimate the risk of a default occurring on the financial instrument during its expected life. ECLs are estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e., the difference between: the contractual cash flows that are due to the Group under the contract, and
- The cash flows that the Group expects to receive, discounted at the effective interest rate of the loan.

In comparison to IAS 39, the Group expects the impairment charge under IFRS 9 to be more volatile than under IAS 39 and to result in an increase in the total level of current impairment allowances.

The Fund groups its loans into Stage 1, Stage 2 and Stage 3, based on the applied impairment methodology, as described below|:

Stage 1 – Performing loans: when loans are first recognised, the Group recognises an allowance based on 12-month expected credit losses.

Stage 2 – Underperforming loans: when a loan shows a significant increase in credit risk, the Group records an allowance for the lifetime expected credit loss.

Stage 3 – Impaired loans: the Group recognises the lifetime expected credit losses for these loans.

In addition, in Stage 3 the Group accrues interest income on the amortised cost of the loan net of allowances.

The Group will record impairment for FVOCI debt securities, depending on whether they are classified as Stage 1, 2, or 3, as explained above. However, the expected credit losses will not reduce the carrying amount of these financial assets in the statement of financial position, which will remain at fair value.

Instead, an amount equal to the allowance that would arise if the asset were measured at amortised cost will be recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss.

For 'low risk' FVOCI debt securities, the Group intends to apply a policy which assumes that the credit risk on the instrument has not increased significantly since initial recognition and will calculate ECL. Such instruments will generally include Ghana Government and Bank of Ghana Treasury bills which the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The will not consider instruments to have low credit risk simply because of the value of collateral. Financial instruments are also not considered to have low credit risk simply because they have a lower risk of default than the Group's other financial instruments.

When estimating lifetime ECLs for undrawn loan commitments, the Group will:

- Estimate the expected portion of the loan commitment that will be drawn down over the expected life of the loan commitment and;
- Calculate the present value of cash shortfalls between the contractual cash flows that are due to the entity if the holder of the loan commitment draws down that expected portion of the loan and the cash flows that the entity expects to receive if that expected portion of the loan is drawn down. For financial guarantee contracts, the Group will estimate the lifetime ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the guarantor expects to receive from the holder, the debtor or any other party. If a loan is fully guaranteed, the ECL estimate for the financial guarantee contract would be the same as the estimated cash shortfall estimate for the loan subject to the guarantee.

For revolving facilities such as overdrafts, the Group measures ECLs by determining the period over which it expects to be exposed to credit risk, taking into account the credit risk management actions that it expects to take once the credit risk has increased and that serve to mitigate losses.

The Group intends to apply a policy that if the transfer into Stage 2 had been initially triggered by indicators other than the movement in the probability of default, the loan can only return to Stage 1 after a probation period of two years

Forward looking information

The Group will incorporate forward-looking information in both the assessment of significant increase in credit risk and the measurement of ECLs.

The Group considers forward-looking information such as macroeconomic factors (e.g., unemployment and GDP growth) and economic forecasts. To evaluate a range of possible outcomes, the Group intends to formulate three scenarios: a base case, a worse case and a better case. The base case scenario represents the more likely outcome resulting from the Group's normal financial planning and budgeting process, while the better and worse case scenarios represent more optimistic or pessimistic outcomes. For each scenario, the Group will derive an ECL and apply a probability weighted approach to determine the impairment allowance.

IFRS 9 Financial Instruments

(b) Hedge accounting

The Group determined that it does not have any hedging relationships hence this may not have any impact on the Group.

(c) Other adjustments

In addition to the adjustments described above, on adoption of IFRS 9, other items of the primary financial statements such as deferred taxes, will be adjusted as necessary.

In summary, the impact of IFRS 9 adoption is expected to be, as follows:

Impact on equity (increase/(decrease)) as of 31 December 2017:

	The Group	
	2017 GH¢	2016 GH¢
Assets		
Due from Banks	(354,956)	(249,662)
Loan to Fund members	(3,757,287)	(3,757,287)
Subsidiaries loans and accounts receivable	(1,180,318)	(1,180,318)
Investment in fixed deposits	(1,599,991)	(1,599,991)
Loans to other parties by subsidiaries	(533,991)	-
Trade accounts receivable	(127,638)	-
Hire purchase debtors	(62,844)	-
Deferred tax asset	207,442	-
 Total assets	 (7,409,583)	 (6,787,258)
Net impact on equity, Including	(7,409,583)	(6,787,258)
 Impact on retained earnings	 (7,409,583)	 (6,787,258)

Impact on equity (increase/(decrease)) as of 31 December 2017:

	The Group	
	2017 GH¢	2016 GH¢
Impairment charged for the year	7,617,025	6,892,553
Income tax expense	(207,442)	-
 7,409,583	 6,892,553	

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, effective for periods beginning on 1 January 2018 with early adoption permitted. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (e.g., IFRS 9, and IFRS 16 Leases). Revenue under IFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transferor anticipates entitlement to goods and services. The standard will also specify a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and corresponding cash flows with customers.

The Group does not expect any significant impact on its revenue on the adoption of this Standard.

IFRS 16 Leases

The IASB issued the new standard for accounting for leases - IFRS 16 Leases in January 2016. The new standard does not significantly change the accounting for leases for lessors. However, it does require lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted provided the new revenue standard, IFRS 15, is applied on the same date. Lessees must adopt IFRS 16 using either a full retrospective or a modified retrospective approach.

In 2018, the Group will continue to assess the potential effect of IFRS 16 on its financial statements.

IFRS 17 Insurance Contracts

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

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

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Transfers of Investment Property — Amendments to IAS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if it is possible without the use of hindsight. Effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed. The Group does not expect any impact when the standard become effective.

FRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the Interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the entity first applies the interpretation
Or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The Interpretation is effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed. However, since the Group's current practice is in line with the Interpretation, the Group does not expect any effect on its financial statements.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately.
- The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- How an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply interpretation from its effective date. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

4. INTEREST INCOME

	The Group		The Fund	
	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
Interest income on:				
Loan to fund members	76,789,566	76,685,474	76,789,566	76,685,474
Cash and cash equivalents	2,624,300	2,069,814	2,146,195	2,069,814
Financial assets held to maturity	21,306,966	20,510,233	21,306,967	20,510,233
Loan to subsidiaries	-	-	9,959,059	20,645,589
Hire purchase contracts	4,256,749	8,080,650	-	-
Loans granted by TF financial Services	17,448,342	13,124,855	-	-
	122,425,923	120,471,026	110,201,787	119,911,110

5. DIVIDEND INCOME

	The Group		The Fund	
	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
Quoted equity securities available for sale				
Quoted equity securities available for sale	46,742	1,765,329	46,741	1,765,329
Unquoted equity securities available for sale	1,017,686	52,006	1,017,687	52,006
	1,064,428	1,817,335	1,064,428	1,817,335

6. HIRE PURCHASE & RENTAL INCOME

	The Group		The Fund	
	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
Rental income				
Hire purchase sales income	7,677,157	7,555,053	-	-
	7,411,502	7,185,163	-	-
	15,088,659	14,740,216	-	-

7. FAIR VALUE GAIN ON MANAGED FUNDS

	The Group		The Fund	
	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
Fair value gain on managed funds				
Fair value gain on managed funds	188,281	57,713	188,281	57,713

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

8. SUNDY INCOME

	The Group		The Fund	
	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
Other sundy income	3,850,454	1,343,207	1,073,494	430,846
Profit on disposal of property, plant and equipment	10,000	15,000	-	-
Shuttle	48,515	313,674	-	-
Realized exchange gain	79,465	-	-	-
	3,988,434	1,671,881	1,073,494	430,846

9. AIRPORT GROUND HANDLING AND CARGO SERVICES

	The Group		The Fund	
	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
Ramp underwing service	61,259,728	-	-	-
Import warehouse handling	7,516,017	-	-	-
Import warehouse storage	15,363,788	-	-	-
Export warehouse handling	5,655,260	-	-	-
Export warehouse storage	101,642	-	-	-
	89,896,435	-	-	-

These costs relate to Aviance Ghana Limited which was consolidated in the current year.

10. DIRECT COSTS

	The Group		The Fund	
	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
Security expenses	267,336	253,019	-	-
Repairs and maintenance costs	970,700	590,116	-	-
Cleaning and sanitation costs	258,858	229,363	-	-
Fuel costs	133,257	148,844	-	-
Other direct costs	718,988	573,393	-	-
GCAL royalties	13,118,747	-	-	-
Cargo Village rent	4,438,925	-	-	-
Cargo Village maintenance	550,443	-	-	-
Cargo Village power	1,565,619	-	-	-
Cargo Village security	416,628	-	-	-
Port clearing permit	344,798	-	-	-
Operating permit	57,916	-	-	-
Passenger handling charges	2,224,417	-	-	-
Equipment maintenance	5,308,916	-	-	-
	30,375,548	1,794,735	-	-

Direct costs of Aviance Ghana Limited has been consolidated in the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

11. COST OF SALES

	The Group		The Fund	
	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
Cost of sales	6,371,998	6,096,965	-	-

12. OPERATING EXPENSES

	The Group		The Fund	
	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
Operating expenses include:				
Depreciation and amortization	6,150,519	1,040,835	1,587,062	411,001
Auditor's remuneration	549,720	274,747	247,920	140,800
Directors' emoluments	738,549	629,797	-	-
Trustees re-imbursable costs	2,181,407	1,106,250	2,181,407	1,106,250
Impairment on investment in subsidiary	-	-	1,755,532	-
Impairment of goodwill*	52,181,854	-	-	-

*The Group performed its annual impairment test in December 2017. Goodwill previously existing in the underlying accounting books of Aviance Ghana Limited when it was acquired in 2016 has been fully impaired.

13. CREDIT LOSS EXPENSE

	The Group		The Fund	
	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
Impairment provision on loans	2,176,401	6,819,447	2,437,189	(493,377)
Impairment provision on hire purchase contracts	1,183,971	475,441	-	-
	3,360,372	7,294,888	2,437,189	(493,377)

14A. INCOME TAX EXPENSE-THE GROUP

The major components of income tax expense for the years ended 31 December 2017 and 2016 are:

	2017 GH¢	2016 GH¢
Current tax expense	7,098,067	236,332
Deferred tax charged / (reversal)	14,009,576	(1,08,065)
Income tax expense reported in the consolidated statement of income	21,107,643	(871,733)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

14B. CORPORATION TAX PAYABLE-THE GROUP

Balance as at year of assessment	Balance as at 1 January	Payments during the year	Charge/(credit) to statement of comprehensive income	Balance as at 31 December
			GH¢	
up to 2016	(6,169,729)			(6,169,729)
2017	-	(4,863,325)	7,098,067	2,234,742
	(6,169,729)	(4,863,325)	7,098,067	(3,934,987)

14C. DEFERRED TAX - THE GROUP

	1/1/2017 GH¢	Charge to surplus or loss GH¢	12/31/2017 GH¢
Accelerated depreciation	335,495	(752,605)	(417,110)
Impairment provision	(2,532,555)	165,582	(2,366,973)
Specific provision	9,998	334,550	344,548
Impairment allowance on receivables	(286,931)	(100,385)	(387,316)
Cargo Village maintenance provision	-	(344,165)	(344,165)
Employees benefits obligation	(1,633,926)	(214,078)	(1,848,004)
Revaluation surplus	16,836,119	14,920,676	31,756,795
Deferred tax liability	12,728,200	14,009,575	26,737,775

15. CASH AND CASH EQUIVALENTS

	The Group		The Fund	
	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
Cash at banks	42,353,821	17,555,983	31,824,379	13,481,509
Cash at hand	31,581	1,581	1,812	1,581
Bank overdraft	(7,166,765)	-	(143,245)	-
Cash and cash equivalents	35,218,637	17,557,564	31,682,946	13,483,090

16. LOANS AND ADVANCES

	The Group		The Fund	
	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
Loan to Fund members	505,013,004	338,792,324	505,013,004	338,792,324
Loan to staff of Fund	1,178,160	1,377,657	1,178,160	724,050
Loans to other parties by subsidiaries	53,399,107	35,916,462	-	-
Allowance for impairment losses	(22,618,081)	(22,796,451)	(14,507,655)	(12,685,497)
	536,972,190	353,289,992	491,683,509	326,830,877

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

17. TRADE AND OTHER ACCOUNTS RECEIVABLE

	The Group		The Fund	
	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
Other accounts receivable	5,749,473	24,349,054	1,052,183	12,071,195
Trade accounts receivable	20,645,849	15,514,532	-	-
Hire purchase debtors	6,284,446	6,663,346	-	-
Pre-payments	11,401,490	2,899,775	-	-
	44,081,258	49,426,707	1,052,183	12,071,195

The accounts receivable from hire purchase contracts is net of impairment provision of GH¢1,183,971. (2016: GH¢475,442).

18. MANAGED FUNDS

This represents funds entrusted with Ecobank Development Corporation (EDC) to manage and generate returns on behalf of the Fund. The portfolio consists of liquid assets and listed equities.

19. FINANCIAL ASSETS - AVAILABLE FOR SALE

	The Group		The Fund	
	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
Quoted equities	33,593,970	22,349,555	33,593,970	22,349,555
Unquoted equities	4,801,900	1,783,500	4,801,900	1,783,500
	38,395,870	24,133,055	38,395,870	24,133,055

All unquoted available-for-sale equities are recorded at cost less impairment. As there is no immediate liquidity for these investments, the Group intends to hold them for long term purposes.

20. FINANCIAL ASSETS - HELD TO MATURITY

	The Group		The Fund	
	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
Investment in treasury bills	1,009,948	865,843	1,009,948	865,843
Investment in fixed deposits	79,999,586	82,315,955	79,999,586	82,315,955
	81,009,534	83,181,798	81,009,534	83,181,798

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

21. INVESTMENT PROPERTIES

	The Group		The Fund	
	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
Opening balance at 1 January	142,771,264	140,092,986	-	-
Additions (subsequent expenditures)	42,394	247,006	-	-
Gains/Adjustment to opening balance	59,682,707	2,431,272	-	-
Closing balance at 31 December	202,496,365	142,771,264	-	-

The valuations were performed by an accredited independent value (Property Solution Limited) with a recognised and relevant professional qualification and also with recent experience in the location and category of the investment property being valued. The fair values of investment properties were estimated using observable data on recent transactions for similar properties. The highest and best use of the investment properties are not considered to be different from their current use. Additions during the year relate to the improvements to investment properties.

Rental income earned and received from the investment properties during the year was GH¢7,677,157 (2016: GH¢7,555,053). This income excludes income from rental to members of the Group. Direct expenses incurred in relation to the investment properties that generated rental income during the year was GH¢2,349,139 (2016: GH¢1,794,734). During the year and as at the year-end, no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal were present. The Group does not have any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

22. INVENTORY AND OTHER ASSETS

	The Group		The Fund	
	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
Inventories	3,243,008	3,918,183	-	-

Inventories are carried at net realisable value. No inventory was written off during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

23. GOODWILL AND INTANGIBLE ASSETS

2017	The Group		
	Goodwill GH¢	Intangible assets GH¢	Total GH¢
Balance at 1 January	85,907,532	4,092,184	89,999,716
Additions	-	5,391,878	5,391,878
Balance at 31 December	85,907,532	9,484,062	95,391,594

Amortisation

Balance at 1 January	-	-	-
Charge for the year	-	1,011,718	1,011,718
impairment	52,181,854	-	52,181,854
Balance at 31 December	52,181,854	1,011,718	53,193,572
Net balance at 31 December	33,725,678	8,472,344	42,198,022

2016

Cost

Balance at 1 January	85,907,532	4,092,184	89,999,716
Additions	-	-	-
Balance at 31 December	85,907,532	4,092,184	89,999,716

Amortisation

Balance at 1 January	-	-	-
Charge for the year	-	-	-
Balance at 31 December	-	-	-

Carrying amount

Balance at 31 December 2016	85,907,532	4,092,184	89,999,716
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The Group performed its annual impairment test in December 2017. Goodwill previously existing in the underlying books of Aviance Ghana Limited when it was acquired in 2016 has been fully impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

24A. PROPERTY, PLANT AND EQUIPMENT

The Group		Leasehold land and buildings GH¢	Motor vehicles GH¢	Computers GH¢	Work in progress GH¢	Office equipment GH¢	Furniture and fittings GH¢	Plant and machinery GH¢	Total GH¢
2017 Cost									
Balance at 1 January 2017	52,345	3,073,175	1,360,950	-	1,042,823	1,258,714	9,114,356	15,902,363	
Adjustment	-	857,207	-	-	1,633,545	89,800	14,024,596	16,605,148	
Additions during the year	-	11,07,873	4,233,702	1,046,909	309,357	268,993	25,630	6,992,464	
Disposal	-	(28,548)	-	-	-	-	(53,227)	(81,775)	
Balance at 31 December 2017	52,345	5,009,707	5,594,652	1,046,909	2,985,725	1,617,507	23,111,355	39,418,200	
Accumulated depreciation									
Balance at 1 January 2017	15,004	1,495,156	1,125,361	-	286,904	558,122	157,976	3,638,523	
Adjustment	-	857,208	-	-	1,633,544	65,145	14,049,086	16,604,983	
Charge for the year	1,571	823,873	656,805	-	330,314	212,787	3,113,452	5,138,802	
Disposal	-	(28,548)	-	-	-	-	(53,227)	(81,775)	
Balance at 31 December 2017	16,575	3,147,689	1,782,166	-	2,250,762	836,054	17,267,287	25,300,533	
Carrying amount									
Balance at 31 December 2017	35,770	1,862,018	3,812,486	1,046,909	734,963	781,453	5,844,068	14,117,667	
Balance at 1 January 2017	37,341	1,578,019	235,589	-	755,919	700,592	8,956,380	12,263,840	

**NOTES TO THE CONSOLIDATED
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24B. PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold land and buildings	Motor vehicles	Computers	Office equipment	Furniture and fittings	Plant and machinery	Total
2016 Cost	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance at 1 January 2016	52,345	2,455,767	1,264,891	308,731	821,252	413,078	5,316,064
Additions during the year	-	1,108,769	168,346	735,820	437,462	8,940,555	11,390,952
Disposal	-	(491,361)	-	(1,728)	-	-	(493,089)
Transfers and adjustment	-	-	(72,287)	-	-	(239,277)	(311,564)
Balance at 31 December 2016	52,345	3,073,175	1,360,950	1,042,823	1,258,714	9,114,356	15,902,363
Accumulated depreciation							
Balance at 1 January 2016	13,434	1,095,361	948,765	214,914	430,594	133,959	2,837,027
Charge for the year	1,570	578,256	186,636	73,715	127,528	67,946 -	1,035,651
Disposal	-	(178,461)	-	(1,725)	-	-	(180,186)
-	-	-	(10,040)	-	-	(43,929)	(53,969)
Balance at 31 December 2016	15,004	1,495,156	1,125,361	286,904	558,122	157,976	3,638,523
Carrying amount							
Balance at 31 December 2016	37,341	1,578,019	235,589	755,919	700,592	8,956,380	12,263,840
Balance at 1 January 2016	38,911	1,360,406	316,126	93,817	390,658	279,119	2,479,037

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

24C. PROPERTY, PLANT AND EQUIPMENT

2017 Cost	Leasehold land and buildings	Motor vehicles	Computers	Work in progress	Office equipment	Furniture and fittings	Total
GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance at 1 January 2017	52,345	911,995	721,454	-	257,336	294,476	2,237,606
Additions during the year	-	688,230	4,070,492	1,046,909	114,563	97,681	6,017,875
Disposal	-	-	-	-	-	-	-
Balance at 31 December 2017	52,345	1,600,225	4,791,946	1,046,909	371,899	392,157	8,255,481
Accumulated depreciation							
Balance at 1 January 2017	15,005	443,139	573,109	-	123,609	146,714	1,301,567
Charge for the year	1,571	315,827	560,880	-	75,160	34,587	988,025
Disposal	-	-	-	-	-	-	-
Balance at 31 December 2017	16,576	758,966	1,133,980	-	198,769	181,301	2,289,592
Carrying amount							
Balance at 31 December 2017	35,769	841,259	3,657,966	1,046,909	173,130	210,856	5,965,889
Disposal	-	-	-	-	-	-	-
Balance at 1 January 2017	37,340	468,856	148,354	-	133,727	147,762	936,039

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

24D. PROPERTY, PLANT AND EQUIPMENT

The Fund	Leasehold land and buildings GH¢	Motor vehicles GH¢	Computers GH¢	Office equipment GH¢	Furniture and fittings GH¢	Total GH¢
2016						
Cost						
Balance at 1 January 2016	52,345	527,815	586,545	110,265	232,979	1,509,949
Additions during the year	-	384,180	134,909	147,071	61,497	727,657
Disposal	-	-	-	-	-	-
Balance at 31 December 2016	52,345	911,995	721,454	257,336	294,476	2,237,606
Accumulated depreciation						
Balance at 1 January 2016	13,435	229,932	457,194	74,094	115,911	890,566
Charge for the year	1,570	213,207	115,906	49,515	30,803	411,001
Disposal	-	-	-	-	-	-
Balance at 31 December 2016	15,005	443,139	573,100	123,609	146,714	1,301,567
Carrying amount						
Balance at 31 December 2016	37,340	468,856	148,354	133,727	147,762	936,039
Balance at 1 January 2016	38,910	297,883	129,351	36,171	117,068	619,383

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

25. EQUITY INVESTMENTS IN SUBSIDIARIES

	The Group		The Fund	
	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
TF Properties Limited	-	-	54,298,672	54,298,672
TF Financial Services	-	-	20,000,000	20,000,000
Credit Mall Limited	-	-	2,935,293	2,935,293
Aviance Ghana Limited	-	-	46,098,068	46,098,068
	-	-	123,332,033	123,332,033

26. LOAN TO SUBSIDIARIES

	The Group		The Fund	
	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
TF Properties Limited	-	-	22,555,020	21,972,514
TF Financial Services	-	-	31,527,575	24,941,958
Credit Mall Limited	-	-	4,933,349	5,730,790
	-	-	59,015,944	52,645,262

27. TRADE AND OTHER ACCOUNTS PAYABLE

	The Group		The Fund	
	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
Withholding taxes - Trustees	-	58,442	-	58,442
Other taxes payable	233,415	85,088	163,928	85,088
Deferred income	26,061,451	20,856,893	21,126,371	13,412,835
Over deductions	7,564,327	-	6,839,797	-
Accruals	10,149,933	4,246,587	883,891	152,982
Sundry suppliers	3,741,110	1,923,865	94,999	135,262
Other accounts payable	6,914,684	8,901,369	-	-
	54,664,920	36,072,244	29,108,986	13,844,609

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

28. WARRANTY PROVISION

The provision for warranties relates primarily to electronic items sold during the year. When recognising revenue, the company estimates the possible future liabilities that it may incur under its warranty obligations and records a warranty provision. The provision is determined based on estimates made from historical warranty data associated with similar products and anticipated rates of warranty claims. The warranty provision balances as at 31 December 2017 was GH¢74,155. (2016: GH¢71,852). The group's electronic sales are generally covered by a warranty period of 12 months. The Group accrues for warranty costs as part of administrative expenses based on historical expenditure on material costs, technical support labor costs, and associated overheads. The provision for warranty is calculated by computing 1% on revenue for the year.

29. LOANS AND BORROWINGS

This is a loan taken by Aviance Ghana Limited from Stanbic Bank Ghana Limited. The carrying amount as at 31 December 2017 is:

	The Group		The Fund	
	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
Secured bank loans	38,541,627	43,930,082	-	-

30. DEFINED BENEFIT PLAN

Aviance Ghana Limited, a subsidiary of Teachers' Fund, has a retirement benefit plan for its employees. Under this Scheme, staff who are due for compulsory retirement are given between one to two month's salary as ex-gratia award. The plan is not funded and managed internally by the Company. The liabilities of the Company arising from the defined benefit obligations and related service costs are determined using the projected unit credit method. The Scheme has ceased to be in existence as the Company no longer make regular contributions to the Scheme. However, the carrying amount represents the amount payable to beneficiaries when on retirement.

	The Group	
	2017 GH¢	2016 GH¢
End of service benefit	6,724,614	5,803,569
Long service award	667,402	672,868
	7,392,016	6,476,437

31. STATUTORY RESERVE

This is amount set aside from annual profit as a non-distributable reserve in accordance with regulatory requirements. The transfer to Statutory Reserve Fund is in compliance with the Banks and Specialized Deposit Taking Institutions Act, 2016 (Act 930).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

32. REGULATORY CREDIT RISK RESERVE

Regulatory credit risk reserve represents additional provision required by Bank of Ghana on loans and advances of TF Financial Services Limited in excess of the IFRS impairment. The Central Bank requires provisions to be made against the advances depending on the classification into which each advance falls. Minimum provisions should be made as follows:

- 10% of the aggregate net unsecured balance of all OLEMs, to be determined on an individual basis;
- 25% of the aggregate net unsecured balance of all sub-standard advances;
- 50% of the aggregate net unsecured balance of all doubtful advances;
- 100% of the aggregate net unsecured balance of all loss advances.

A subsidiary of the group, which is a micro finance company and subjected per the rules above, transferred a portion of its retained earnings to the Regulatory Risk Reserves Account.

33. AVAILABLE FOR SALE RESERVE

The available for sale reserve was as a result of fair valuation of Group's available for sale financial asset. These reserves are recognised as equity through other comprehensive income and subsequently transferred to surplus or loss when the financial assets are disposed.

34. NON-CONTROLLING INTEREST

In December 2017 Teachers' Fund acquired 60% stake in Aviance Ghana Limited. The other 40% is own by a minority shareholder, Regimmanuel Limited. The minority shareholder's interest in the consolidated accounts is as follows:

	GH¢	GH¢
Stated capital	1,860,320	1,860,320
Retained earnings	(27,230,793)	21,686,216
Fair value of identifiable net assets	(25,370,473)	23,546,536
NCI (40%)	(10,148,189)	9,418,614

35. FINANCIAL INSTRUMENT'S RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group deploys some financial instruments (financial assets and financial liabilities) in carrying out its activities. The key financial liabilities, of the Group comprise trade payables which are deployed purposely to provide liquidity to support the Group's operations. The financial assets of the Group include trade receivables, and cash and bank balances, held-to-maturity investments and available for sale financial assets necessarily required for the operations of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

The principal risks that the Group is exposed to as a result of holding the above financial instruments include market risk, credit risk and liquidity risk. The senior management of the Group oversees the management of these risks through the establishment of adequate, internal control and authority limits. Thus, the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with those policies. The Board of Trustees which is responsible for the overall risk management of the Group reviews and agrees on policies for managing each of these risks inherent in its involvement in financial instruments and operations are as summarized below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and equity price risk. Financial instruments affected by market risk include trade accounts payable, cash and cash equivalents, loans and investment in listed equities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group has no interest rate risk due to holding its investments in fixed deposits and treasury bills.

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group has a portion of its rental income denominated in currencies other than Ghana Cedis. Accordingly, the value of the Group's assets may be affected favourably or unfavourably by fluctuations in currency rates. Therefore, the Group will necessarily be subject to foreign exchange risks.

Equity price risk

Equity price risk is the risk of unfavourable changes in the fair values of equities as a result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Group's investments in listed equity securities. The Fund manages this risk by investing in a variety of shares and by limiting its exposure to a single industry sector.

Concentration of equity price risk

The following table analyses the Group's concentration of equity price risk in the Group's equity portfolio by industrial distribution.

% of equity securities	2016	2014
Financial institutions	91%	91%
Manufacturing	3%	3%
Insurance	5%	5%
Others	1%	1%
Total	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The sources of the Group's credit risk are mainly represented by loans and advances.

Trade accounts receivable

Customer credit risk is managed by Credit Managers and management subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Staff loans are also secured by employee salaries and deductions are made at source.

Loans to members of the Fund are also given to members who have met the minimum contribution threshold. Outstanding customer receivables are regularly monitored.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Trustee in accordance with the Group's policy. Investments of surplus are made only with approved counterparties. The policies are set and reviewed annually.

Liquidity risk

Liquidity risk is defined as the risk that the Group and the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the group and the Fund could be required to pay its liabilities or redemption of contribution by Fund members other than expected. The Group Fund manages its obligation to redeem member's contribution when required to do so and its overall liquidity risk by maintaining a significant proportion of the Fund in securities that the Investment Manager considers readily realisable securities. Financial instruments which, under normal market conditions, are readily convertible to cash. In addition, the Group's policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

35. FINANCIAL INSTRUMENT'S RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The table below summarises the maturity profile of the Group and the Fund's financial assets and liabilities based on contractual undiscounted receipts and payments:

The Group 2017	On demand	Within 1 Year	1 to 5 Years	No Fixed maturity	Total
	GH¢	GH¢	GH¢	GH¢	
Cash and cash equivalents	35,218,637	-	-	-	35,218,637
Trade and other accounts receivable	44,081,258	-	-	-	44,081,258
Managed funds	-	25,506,597	-	-	25,506,597
Financial assets - held to maturity	-	81,009,534	-	-	81,009,534
Financial assets - available for sales	-	-	-	38,395,870	38,395,870
Loans and advances	339,872,425	22,251,568	174,848,197	-	536,972,190
Total financial assets	419,172,320	128,767,699	174,848,197	38,395,870	761,184,086
Trade and other accounts payable	54,664,920	-	-	-	54,664,920
Net assets attributable to shareholders	898,008,151	-	-	-	898,008,151
Total financial liabilities	952,673,071	-	-	-	952,673,071

The Group 2016	On demand	Within 1 Year	1 to 5 Years	No Fixed maturity	Total
	GH¢	GH¢	GH¢	GH¢	
Cash and cash equivalents	17,557,564	-	-	-	17,557,564
Trade and other accounts receivable		49,426,707	-	-	49,426,707
Managed funds	-	24,445,301	-	-	24,445,301
Financial assets - held to maturity	-	98,154,522	-	-	98,154,522
Financial assets - available for sales	-	-	-	24,133,055	24,133,055
Loans and advances	42,244,253	41,436,282	474,600,023	-	558,280,558
Total financial assets	59,801,817	213,462,812	474,600,023	24,133,055	771,997,707
Trade and other accounts payable	-	36,072,244	-	-	36,072,244
Net assets attributable to shareholders	-	-	704,149,390	-	704,149,390
Total financial liabilities	-	36,072,244	704,149,390	-	740,221,634

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

35. FINANCIAL INSTRUMENT'S RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The table below summarises the maturity profile of the Group and the Fund's financial assets and liabilities based on contractual undiscounted receipts and payments:

The Fund 2017	On demand	Within 1 Year	1 to 5 Years	No fixed maturity	Total
	GH¢	GH¢	GH¢	GH¢	GH¢
Cash and cash equivalents	31,682,945	-	-	-	31,682,945
Trade and other accounts receivable	1,052,185	-	-	-	1,052,185
Managed funds	-	25,506,597	-	-	25,506,597
Financial assets - held to maturity	-	81,009,534	-	-	81,009,534
Financial assets - available for sales	-	-	-	38,395,870	38,395,870
Equity investment in subsidiaries	-	-	-	123,332,033	123,332,033
Loan to subsidiaries	-	-	-	59,015,944	59,015,944
Loans and advances	65,131,320	54,140,344	372,411,845	-	491,683,509
Total financial assets	97,866,450	160,656,475	372,411,845	220,743,847	851,678,617
Trade and other accounts payable	29,108,986	-	-	-	29,108,986
Net assets attributable to shareholders	833,328,360	-	-	-	833,328,360
Total financial liabilities	862,437,346	-	-	-	862,437,346

The Fund 2016	On demand	Within 1 Year	1 to 5 Years	No Fixed maturity	Total
	GH¢	GH¢	GH¢	GH¢	GH¢
Cash and cash equivalents	13,483,090	-	-	-	13,483,090
Trade and other accounts receivable	-	12,071,195	-	-	12,071,195
Managed funds	-	24,445,301	-	-	24,445,301
Financial assets - held to maturity	-	98,154,522	-	-	98,154,522
Financial assets - available for sales	-	-	-	24,133,055	24,133,055
Equity investment in subsidiaries	-	-	-	116,087,565	116,087,565
Loan to subsidiaries	-	-	-	52,645,262	52,645,262
Loans and advances	43,293,961	42,465,912	425,784,031	-	511,543,904
Total financial assets	56,777,051	177,136,930	425,784,031	192,865,882	852,563,894
Trade and other accounts payable	-	13,844,609	-	-	13,844,609
Net assets attributable to shareholders	-	-	-	636,240,629	636,240,629
Total financial liabilities	-	13,844,609	-	636,240,629	650,085,238

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

36. CAPITAL MANAGEMENT

As a result of the ability to receive and redeem members' contribution with accumulated interest, the capital of the Group can vary depending on the demand for redemptions and subscriptions to the Fund. The Group is not subject to externally imposed capital requirements and has no legal restrictions on the issue or redemption of member's contribution.

The Fund's objectives for managing capital are:

To invest the capital in investments meeting the description, risk exposure and expected return

To achieve consistent returns while safeguarding capital by investing in diversified portfolio, by participating in other capital markets and by using various investment strategies.

To maintain sufficient liquidity to meet the expenses of the Group and the Fund, and to meet redemption requests as they arise

The Group has no debt to any external party.

37. RELATED PARTY DISCLOSURES

Information about subsidiaries

The consolidated financial statements of the Group include:

Name	Principal activities	% of Equity interest	
		2017	2016
TF Financial Services Limited	Provision of micro financing.	100%	100%
Credit Mall Limited	Sale of hire purchase contracts.	100%	100%
TF Properties Limited	Rental of properties, development of real estate and others.	100%	100%
Aviance Ghana Limited	Airport ground handling and cargo services.	60%	60%

Subsidiaries

The following are the transactions and balances with the subsidiaries:

Loans to subsidiaries	2017 GH¢	2016 GH¢
TF Financial Services Limited	31,527,575	24,941,958
Credit Mall Limited	4,933,349	5,730,790
TF Properties Limited	22,555,020	21,972,514
	59,015,944	52,645,262

Dividend Income from subsidiaries

Credit Mall Limited	-	52,006
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

37. RELATED PARTY DISCLOSURES (CONTINUED)

	2017 GH¢	2016 GH¢
Interest income from subsidiaries		
TF Financial Services Limited	4,767,591	5,609,457
Credit Mall Limited	1,027,674	1,335,973
TF Properties Limited	4,163,794	13,700,157
	9,959,059	20,645,587
Compensation of Trustees of the Fund		
Trustees reimbursable	2,181,407	1,106,250
Total Compensation paid to Trustees	2,181,407	1,106,250

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

38. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled, respectively.

The Group		Within 12 months GH¢	After 12 months GH¢	Total GH¢
2017				
Assets				
Cash and cash equivalents	35,218,637	-	35,218,637	
Loans and advances	362,123,993	174,848,197	536,972,190	
Trade and other accounts receivable	44,081,258	-	44,081,258	
Managed funds	-	25,506,597	25,506,597	
Financial assets - available for sales	-	38,395,870	38,395,870	
Financial assets - held to maturity	-	81,009,534	81,009,534	
Investment properties	-	202,496,365	202,496,365	
Inventory and other assets	3,243,008	-	3,243,008	
Deferred tax	-	-	-	
Goodwill and intangible assets	-	40,442,491	40,442,491	
Property, plant and equipment	-	14,117,667	14,117,667	
Total assets	444,666,896	576,816,721	1,021,483,617	
Liabilities				
Trade and other accounts payable	54,664,920	-	54,664,920	
Net assets attributable to shareholders	898,008,151	-	898,008,151	
Warranty provision	74,115	-	74,115	
Corporate tax	-	-	-	
Deferred tax liability	-	26,737,775	26,737,775	
Total liabilities	952,747,186	26,737,775	979,484,961	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONTINUED)

The Group	2016	Within 12 months	After 12 months	Total
		GH¢	GH¢	
Cash and cash equivalents	17,557,564		-	17,557,564
Loans and advances	77,359,746	275,930,246		353,289,992
Trade and other accounts receivable	49,426,707		-	49,426,707
Managed funds	-	20,716,357		20,716,357
Financial assets-available for sales	-	24,133,055		24,133,055
Financial assets-held to maturity	-	83,181,798		83,181,798
Investment properties	-	142,771,264		142,771,264
Inventory and other assets	3,918,183		-	3,918,183
Deferred tax asset	-	4,107,919		4,107,919
Corporate tax asset	-	6,169,729		6,169,729
Goodwill and intangible assets	-	89,999,716		89,999,716
Property, plant and equipment(PPE)	-	12,263,840		12,263,840
Total assets	148,262,200	659,273,924		807,536,124
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Liabilities				
Trade and other accounts payable	36,072,244		-	36,072,244
Net assets attributable to shareholders	-	704,149,390		704,149,390
Warranty provision	71,852		-	71,852
Deferred tax liability	-	16,836,119		16,836,119
Total liabilities	36,144,096	720,985,509		757,129,605

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

39. FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES

Fair value of financial and non-financial assets and liabilities in the statement of financial position are grouped into three levels of a fair value hierarchy. The three (3) levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group	Level 1 GH¢	Level 2 GH¢	Level 3 GH¢	Total GH¢
2017				
Financial assets - held to maturity	-	-	81,009,534	81,009,534
Financial assets - available for sales	38,395,870	-	-	38,395,870
Total	38,395,870	-	81,009,534	119,405,404
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The Fund				
2017	Level 1 GH¢	Level 2 GH¢	Level 3 GH¢	Total GH¢
Financial asset - held to maturity	-	-	81,009,534	81,009,534
Listed Equity Securities	38,395,870	-	-	38,395,870
Total	38,395,870	-	81,009,534	119,405,404
<hr/>				
The Group				
2016	Level 1 GH¢	Level 2 GH¢	Level 3 GH¢	Total GH¢
Financial Assets Held to Maturity	-	-	83,181,798	83,181,798
Listed Equity Securities	24,133,055	-	-	24,133,055
Total	24,133,055	-	83,181,798	107,314,853
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The Fund				
2016	Level 1 GH¢	Level 2 GH¢	Level 3 GH¢	Total GH¢
Listed Equity Securities	24,133,055	-	-	24,133,055
Total	24,133,055	-	-	24,133,055

There were no transfers between Level 1 and Level 2 in 2017 or 2016. The reconciliation of the carrying amounts of investment properties classified within Level 3 is provided in note 21.

Other financial assets and liabilities: For all other financial assets and liabilities, the carrying value is an approximation of its fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

40. FINANCIAL COMMITMENTS

The Trustees of the Group and the Fund are of the opinion that all known liabilities and commitments have been taken into account in the preparation of the financial statements under review. These liabilities are relevant in assessing the Group's financial position and performance.

41. CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31 December 2017. (2016 Nil).

42. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting date.



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