



2016 ANNUAL REPORT

Report and Financial Statements presented
to the National Council of GNAT
November 2017





Saving today for a brighter tomorrow

2016 ANNUAL REPORT
& FINANCIAL STATEMENTS

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Notice and Agenda of Meeting

SENA CHARTERED SECRETARIES LIMITED

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

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LIBERIA ROAD
P.O. BOX AN 5520
ACCRA, GHANA

NOTICE OF MEETING

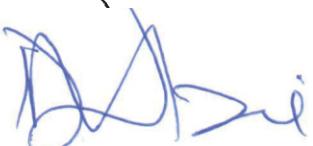
Notice is hereby given that the 9th Annual General Meeting (AGM) of Teachers Fund will be held GNAT Village at Abankro near Ejisu in the Ashanti Region on Friday, 17th November, 2017 at 9:30 a.m. to transact the following business:

AGENDA

1. To consider and adopt the Financial Statements of the Company for the year ended December 31, 2016 together with the Reports of the Trustees and Auditors thereon.
2. To authorize the Trustees to re-appoint the External Auditors Messrs Ernst & Young.
3. To authorize the Trustees to fix the remuneration of the External Auditors.

Dated this 9th day of November 2017

By Order of the Board



COMPANY SECRETARY

SENA CHARTERED SECRETARIES LTD.
P. O. BOX AN 5520
ACCRA - NORTH

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



Corporate Information

BOARD OF TRUSTEES

Asare George Yamoah (Chairman)
Joseph Nsobila Asaa
Saaka Adams
Kassim Issifu Amuda
Dorothy Monica Mensah
Michael Korletey
Charles Samuel Gyamfi
Kwame Boama Gyan
Julius Neils Saka-Hesse
Prof. Kofi Kumado
Jacob Kholi
David Ofori Acheampong - Appointed 1 April 2016
M.V.V.K. Demanya - Retired 4 February 2016
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 Limited
P. O. Box AN 5520
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 Board of Trustees



ASARE GEORGE YAMOAH
(Board Chairman)

George is currently the Board Chairman and was appointed to the Board in January 2010. He is a teacher by profession and holds a Bachelor's Degree in Business Administration, Human Resource Management from the University of Ghana Legon (Methodist University College) and a Certificate in Administration and Management from GIMPA.

He also serves as Chairman of the Board of Teachers Network Co-operative, Tema Chapter.

He currently teaches at Nii Ogli Basic School, Saki - Michel Camp in the Greater Accra Region.

DOMINIC ADU
(External Trustee)

Dominic is the Founder and Chief Executive Officer of the Ghana Home Loans 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 the Manchester University. He is also a member of ACA-England and Wales

JACOB KHOOLI
(External Trustee)

He was appointed as Trustee of the Fund in July 2007. Jacob Kholi is a Partner at The Abraaj Group, a leading private equity investor focused on global growth markets across Africa, Middle East, Latin America, Asia and Turkey with approximately US\$11 billion of assets under management.

Jacob is the Regional Head for Sub-Saharan Africa (SSA) and Chief Investment Officer for the region. He is responsible for the Group's US\$990 million Africa Fund III. He also manages the Group's US\$381 million Africa Fund II as well as the US\$50m West Africa Fund. Prior to working for the regional funds, Jacob worked for the first venture capital/private equity company in SSA outside of South Africa, Venture Fund Management Company (VFCM) now Abraaj Ghana Advisers Limited, managers of Ghana Venture Capital Fund (GVCF) and Enterprise Fund (EF) with total capitalisation of US\$10m that focused on small & medium enterprises.

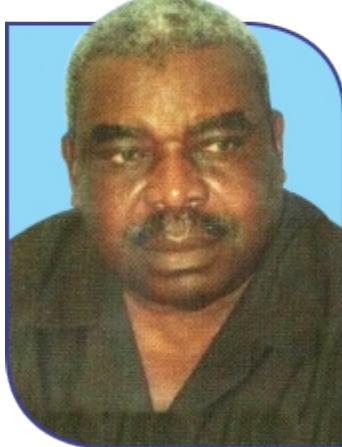
Jacob Kholi is the Chairman of the Group's SSA regional investment committee and served as a member of the Global Investment Committee of the Abraaj Group for 2 years. He is now a member of the Impact Investment Committee of the Abraaj Group focusing on Healthcare and Clean Energy investments.

Jacob is a qualified Chartered Accountant and trained with KPMG. He also worked for the Shell Group in Ghana. He holds an MSc in Finance and Financial Law from the University of London; Executive Master of Business Administration (International Business) from the Paris Graduate School of Management and a B.Sc (Administration) Accounting degree from the University of Ghana Business School.

Jacob serves on the board of directors of several companies locally and internationally.



Profile of Board of Trustees



PROF. KOFI KUMADO
(External Trustee)

He is a Professor of Law at the University of Ghana and a member of the Faculty of Law. He was appointed to the Board of the Fund in January 2007. He was the Director of the Legon Centre for International Affairs from February 1999 to 2009. He has extensive local and international teaching and consultancy experience. He serves on numerous boards, committees and International organizations.

DOROTHY MONICA MENSAH
(Trustee - Central Region)

Dorothy is a Tutor and Senior House Mistress at the Swedru SHS. 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.

CHARLES SAMUEL GYAMFI
(Trustee - Eastern Region)

Samuel is currently the Headmaster of Nkawkaw-Kuma Anglican Basic School. 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.

Profile of Board of Trustees



JULIUS NEILS SAKA - HESSE
(Trustee - Ashanti Region)

Julius was appointed to the Board in July 2013. He is a Circuit Supervisor at the GES Adansi North Education Office. He rose to the position from being Guidance and Counseling Coordinator, IPPD Coordinator and Logistics Officer. Julius had been a housemaster and a tutor in Business Mathematics and Financial Accounting at Ada Technical Institute. He holds a Bachelor of Education Degree in Accounting from the University of Education. He has been a loyalist of GNAT since 1988 and had held several leadership positions within the Association. He is currently an Executive member in the Ashanti region

KASSIM ISSIFU AMUDA
(Trustee - Northern Region)

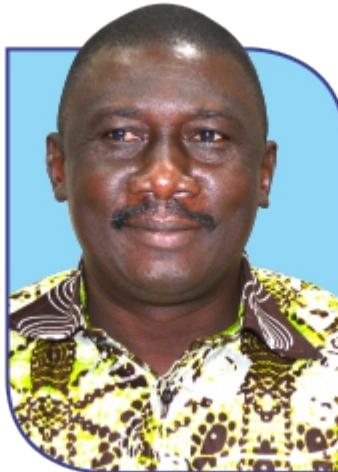
He was appointed to the Board in January 2014. Kassim is currently a Tutor in Mathematics at Northern School of Business in Tamale. He holds a Bachelor of Commerce Degree from the University of Cape Coast. He is also the Branch Chairman of PPAG in Tamale and the Northern Regional Hockey coach.

ANTHONY JONATHAN MENSAH
(Trustee - Western Region)

Jonathan is currently the Headmaster of St. Johns SHS, Sekondi. He was formerly the Headmaster of Annor Adjaye SHS. Anthony holds a BSc in Biochemistry from the Kwame Nkrumah University of Science and Technology and a Post Graduate Diploma in Education from the University of Cape Coast. He served on the Board of GESRO Co-operative Credit Union and was the Secretary to the Board of Ahantaman SHS, Sekondi. He was appointed to the Board in January 2010.



Profile of Board of Trustees



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.

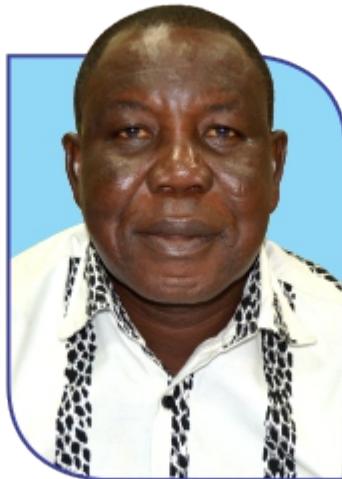
KWAME BOAMA GYAN
(Trustee - Brong Ahafo Region)

Kwame was appointed to the Board in January 2014. He is a Municipal P.E. Co-ordinator at the Berekum Municipal Education Office. He holds a Bachelor of Education Degree in Physical Education/Special Education from the University College of Education and a Certificate 'A' 3-year Post/Secondary from Berekum Training College.

SAAKA ADAMS
(Trustee - Upper West Region)

His is currently a Tutor at Islamic SHS. 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.

Profile of Board of Trustees



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 Kwasheman '1' Basic School

GEORGE ACHIBRA
(Trustee - Volta Region)

George is currently the IPPD Co-ordinator for Krachi West District. He holds a Bachelor of Education and Diploma in Basic Education from the University of Education, Winneba. He is involved in a number of activities in several organizations and holds positions such as Executive Member, Teachers Credit Union and Assistant Secretary Kaakyi Language Project. He is the Founder and Executive Director of the NGO, PACODEPT on Human Rights and has won various International awards on child labour and child trafficking. He is the immediate Past Volta Regional Vice Chairman of GNAT. He was appointed to the Board in August 2010.

DAVID OFORI ACHEAMPONG
(Trustee - National Executive)

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



REPORT OF THE TRUSTEES

The Trustees have the pleasure in presenting to you their report together with the financial statements of Teachers Fund and its subsidiaries for the year ended 31 December 2016.

STATEMENT OF TRUSTEES' RESPONSIBILITY

The Trustees are responsible for the preparation of these financial statements for each financial year, which give a true and fair view of the state of affairs of the Group. In preparing the 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 financial position, the 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.
- v. Provision of micro financing

SUBSIDIARIES OF THE GROUP

The consolidated financial statements of the Group include:

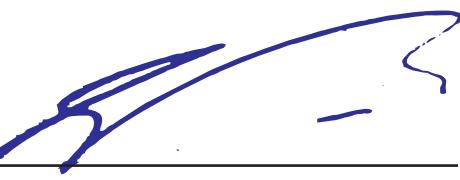
Name	Principal Activities	(% of Equity Interest	
		2016	2015
TF Financial Services Limited	Provision of micro financing	100%	100%
Credit Mall Limited	Sale of home appliances on hire Purchase contracts	100%	100%
TF Properties Limited	Rental of properties, development of real estate and others	100%	100%
Aviance Ghana Limited	Airport ground handling and cargo services	60%	

Results

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

Auditors

The auditors, Ernst & Young, Chartered Accountants, having expressed their willingness, continue in office pursuant to Section 134 (5) of the Companies Act, 1963 (Act 179).



Trustee Date 13/11/2017



Trustee Date 13/11/2017



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

Asare George Yamoah	Chairman
Jacob Kholi	Member
Prof. Kofi Kumado	Member
Dominic Adu	Member
Michael Korletey	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.

Jacob Kholi	Chairman
Prof. Kofi Kumado	Member
Asare George Yamoah	Member
Dominic Adu	Member
David Ofori Acheampong	Member
Jonathan Anthony Mensah	Member
Dorothy Monica Mensah (Mrs.)	Member
Saaka Adams	Member
Charles Samuel Gyamfi	Member
Joseph Nsobila Asaa	Member

Audit and Risk Committee

The Audit Committee comprises two External and three regional Trustees. It is chaired by an External Trustee who has a strong background and experience in business, finance and audit. The Committee meets to review the financial performance of the company, the adequacy of the internal audit plan, progress against current audit report recommendations, adequacy of internal control systems and the degree of business principles and any other relevant regulatory framework. The Committee also reviews findings of the external auditors and advises management on the adoption and implementation of an appropriate risk management policy.

Dominic Adu	Chairman
Prof. Kofi Kumado	Member
Julius Neils Saka-Hesse	Member
George Achibra	Member
Kwame Boama Gyan	Member
Jacob Kholi	Member

Nominating Committee

The primary objective of the Nominating Committee in accordance with good governance 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. The Committee consists of four (4) members.

Joseph Nsobila Asaa	Chairman
David Ofori Acheampong	Member
Amuda Kassim Issifu	Member
Dorothy Monica Mensah (Mrs.)	Member



REPORT FROM THE CHAIRMAN



On behalf of the Board of Trustees and Management of the Teachers Fund, it is my pleasure to welcome you to this Annual General Meeting and to address this gathering. I present to you the Annual Report and Financial Statements for the financial year ended 31st December 2016.

I took over the chairmanship of the Fund in January 2014 and at the time, the Fund was valued at approximately **254 million Ghana Cedis**. By dint of hard work and with the support of the Board, Management and staff of the Fund the value has increased to **745 Million Ghana Cedis** as at December 2016. This represent 193% over the three (3) year period.

For those of us who are directly involved with the Fund, our acceptance of feedback and criticisms have contributed largely to the Fund's phenomenal growth.

I am most grateful to the Board Members and staff for their invaluable contribution to the success of the Fund. My gratitude also goes to Mr. Alexander Mawusi Boadi, the Immediate Past Acting President of GNAT, Madam Philipa Larsen, Current Acting President of GNAT, Mr. M.V.V.K Demanya, Immediate Past Acting General Secretary of GNAT and Mr. David Ofori Acheampong, current General Secretary of GNAT for their priceless support.

It is important to note that over the years the Fund has made efforts to get closer and closer to its members by opening up our communication channels and intensifying interactions with members. Also, through collaboration and consultation among stakeholders of the Fund including GNAT Headquarters, GNAT Secretaries, subsidiaries of the Fund and Staff we are more united today for a common and enviable cause than before.

Owing to the outstanding performance by the Trustees and the Management Team, all of us can today boast of a leading and successful business which is positioned to perform excellently in the future.

GLOBAL OUTLOOK

Globally, developments in most advanced countries reflected a more subdued outlook. In addition, the United Kingdom voted in favour of leaving the European Union (Brexit) and although the market reaction to the Brexit shock was reassuringly orderly, the ultimate impact is still unclear as the fate of institutional and trade arrangements between the United Kingdom and the European Union is uncertain. Whereas the growth rate in China was a bit stronger than expected, growth was weaker than expected in some Latin American countries and in the Sub Saharan African region



OPERATING ENVIRONMENT

In the local economy, macroeconomic fundamentals remained relatively stable for 2016; with the cedi depreciating by 9.6% and 5.3% to the US Dollar and the EURO respectively but appreciating by 10% against the UK Pound Sterling. Interest rates on the short end of the market were relatively high in the first three quarters of the year but trended downwards significantly in the last quarter, in response to government's fiscal debt management efforts.

Gross Domestic Product (GDP) growth at 3.6% was slightly higher than the forecast of 3.3%. Inflation after remaining stubbornly above 17%, fell a little to 15.4% in December. Gross Domestic Product (GDP) growth is estimated to have slowed for the fifth consecutive year, from 3.9% in 2015 to 3.3% in 2016 as a result of the implementation of tight fiscal and monetary policies in the context of the International Monetary Fund (IMF) Extended Credit Facility (ECF) programme, and technical issues related to oil production.

FINANCIAL HIGHLIGHTS

The Fund's total income for 2016 grew by an appreciable 35% to GHS122.217 million (2015: GHS90.396 million), with surplus after tax also registering a 46% increase to GHS101.839 million (2015: GHS69.952). This was contributed largely by revenue from loans to members. The revenue from the loans to members recorded a 38% increase to GHS76.685 million (2015: GHS55.347 million). The Fund recorded operating expense to income ratio of 17% (2015: 23%) due to prudent cost control and strong revenue generating capability. The Fund's total comprehensive income of the year attributable to contributors in 2016 was GHS98.041 million (2015: GHS65.676 million).

The Fund and its subsidiaries put together, recorded a reduction in total income of 18% to GHS138.758 million in 2016 (2015: GHS170.142 million). The reduction was due to revaluation gain arising from investment properties in 2015 from TF Properties Limited, with no such gain being recorded in 2016. The Fund made a significant contribution of 88% to the total Group investment income in 2016 (2015: 90%). The operating expense to income ratio for the Group was 35% in 2016 (2015: 37%). The Fund again contributed to the total operating expense of the Group by 42% in 2016 (2015: 55%). The total comprehensive income of the Group attributable to Fund contributors in 2016 was GHS87.580 million (2015: GHS118.807 million).

The total assets of the Fund saw a significant growth of 36% to GHS650.085 million in 2016 (2015: GHS479.582



Chairman's Report (cont'd)

million). This growth occurred across multiple investment portfolios, including loans and advances to Fund members, loans to subsidiaries, money market instruments and other financial assets. The net loans and advances of the Group grew by 32% to GHS353.289 million in 2016 (2015: GHS274.541). The net assets of the Fund also grew overall by 36% to GHS636.240 million in 2016 (2015: GHS468.252 million). The strong balance sheet of the Fund was as a result of the prudent management of the earning assets of the Fund.

The consolidated balance sheet of the Group also realized a growth of 40% to GHS807.536 million (2015: GHS577.289 million) by way of total assets. The net assets of the Group attributable to contributors rose from GHS537.203 million in 2015 to GHS704.149 million in 2016, indicating a growth of 31%. The 2016 accomplishments clearly reflect the value the entire Group brings to our cherished contributors..

NEW SOFTWARE

The 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 Key Objectives of the ERP PROJECT are

1. To consolidate the current isolated systems into one system on one platform to ensure a single source of information for all transactions.
2. To ensure that the revenues of the Fund and its subsidiaries are accurately captured on time and fully accounted for.
3. To automate the current manual processes to eliminate inefficiencies.
4. To provide additional channels of communication to its members to improve customer service.
5. To improve data security, reporting and auditing capabilities of the operations of the Fund.

As at December 2016, the outstanding activities that had been scheduled for 2017 for the successful implementation of the Oracle ERP Application included a second round of End User Training, User Acceptance Test, Migration of Data, Pre Go-Live Activities, Go-Live and Post Go-Live Support.

It is expected that the Fund and its subsidiaries will migrate their operations onto the new Oracle ERP Application before the end of the year 2017.

NEW CUSTOMER SERVICE CENTRE AND TELEPHONY SYSTEM

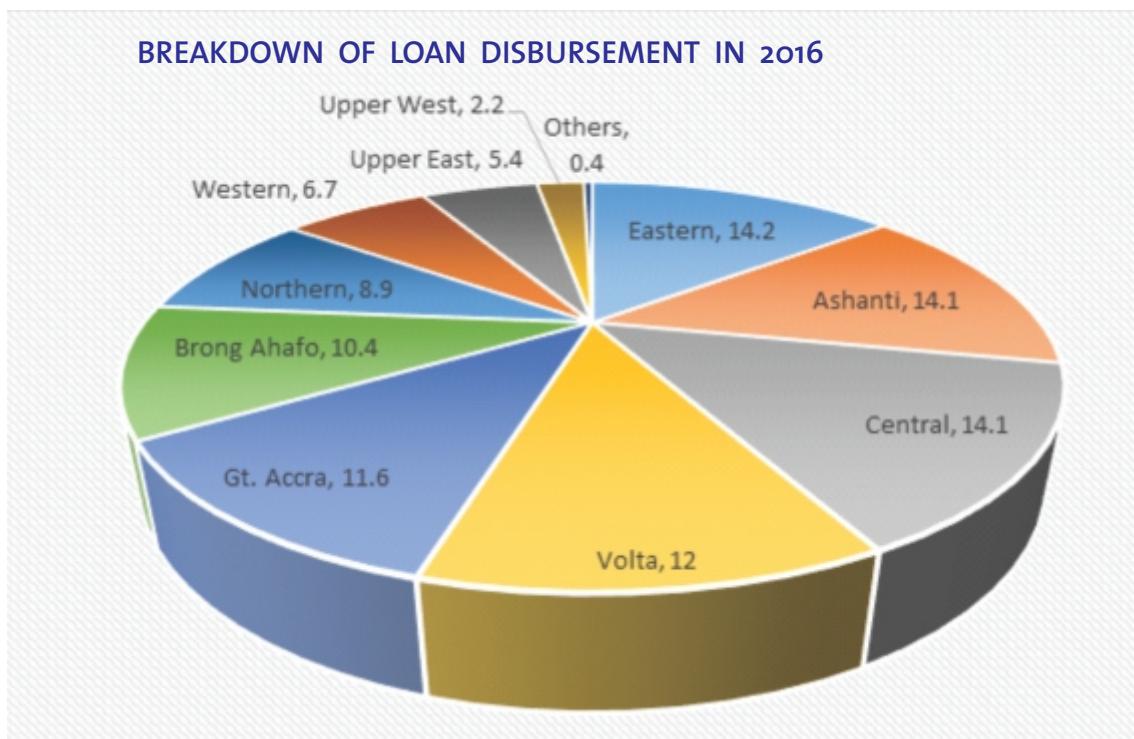
The Teachers Fund began introducing a new Customer Service Centre and Telephony System in 2016 as part of initiatives to meet the expectations of its clients and stakeholders. The new system is expected to provide a one-stop shop where all customer enquiries and complaints can be handled promptly and accurately. It is also meant to cut down on the number of people who personally visit the office for simple transactions that can be handled over the phone. Again, the new package has the capacity to assign roles and responsibilities to the Customer Service Centre staff and monitor the execution of escalated issues to the appropriate quarters effectively.

The main activities that were executed during the year under review were Request for Proposals, Selection of Vendor, Budget Approval, Signing of Contract with Vendor and approval for Upgrade of Network Infrastructure to support new Telephony System. The New Customer Service and Telephony Solution became fully operational by the middle of 2017.

Chairman's Report (cont'd)

LOANS

In 2016 a total of about GH¢ 199.1million was granted as loans to about 38,874 members. Compared to 2015, this represented an increase of about 33% in the amount granted as loans and 20% in the number of members who benefited from loans. As shown in the chart below, Eastern, Ashanti, Brong Ahafo, Central, Volta & Greater Accra were the major drivers of loans with each region contributing over 10%.



For year 2017, Teachers Fund intends to review its loan interest rates to make it more attractive to our members. Plans are also far advanced to introduce bank transfers in the loan disbursement process in an effort to improve on the overall turnaround time for loan applications.

MEMBERS CONTRIBUTION

In 2016, total members contribution received amounted to GH¢ 95.102 million compared to GH¢ 73.848 million received in 2014. This represents an increase of 28.78 percent over the prior year figure.

This impressive recording was achieved through increment in optional contributions by members. The board and management will like to assure all contributors, especially optional contributors, of continued impressive returns on their contributions when retiring. To this end, we encourage all members to periodically increase their contribution to boost their retirement savings.

EXIT BENEFITS

Total Exit Benefits are contributions made by members of the Fund and returns based on periodic net asset valuations of the Fund's investments. Exit benefits are funded by investment earnings. In the year under review, the Fund paid out a total of GH¢ 25.156million to 9,859 applicants. Total exit pay-out for 2016 increased by 5.99 percent in comparison to the 2015 total pay-out of GH¢ 23.735million..



Chairman's Report (cont'd)

GROUP SOLIDARITY INSURANCE

The Group Solidarity Insurance Scheme is instituted to pay benefits to members in the event of permanent disability and death. In 2016, no payment was made for permanent disability however, the Fund paid an amount of GH¢403,500 to 807 beneficiaries of deceased members in 2016, representing an increase of 18.43 percent over prior year.

SUBSIDIARIES:

TF FINANCIAL SERVICES LIMITED

TF Financial Services went through a significant organizational change in the year 2016. This started with suspension of its Loan products for Contractors and other SMEs at the beginning of 2016. The Company instead positioned itself to improve on its Payroll Backed Lending both to the private and public sectors.

The renewed strategy of engaging in purely retail lending and the freezing of Contractor and other SME financing yielded mixed results. For instance, Sales for the payroll backed lending saw significant growth with commensurate growth in Interest Income. Interest Income inched up from GHS 12.53m in 2015 to GHS 13.12m in 2016.

The company has sent clear signals of a new business direction with the zeal to build sustainable processes, systems and structures to thrive within their chosen market space. Indeed, judging from the support from relevant stakeholders and financial performance on their new direction, one can assume an improved trajectory of growth for TFFS.

In 2017, the Company plans to deepen its relationship with GNAT Secretariats to hasten its growth while managing its cost to enhance its contribution to the TF Group.

TF PROPERTIES LIMITED

TF Properties Limited began 2016 with the objective to improve operational performance with a revenue growth of 12% and to maintain the momentum for the development of Project Vista, a grade A Office complex at North Ridge, Accra. Preparations to bring Project Vista to light are far advanced beyond the concept design stage through to securing all necessary permits for construction and then tendering.

Unlike the three previous years, the Company had difficulty with occupancy at the hostel in 2016 and operated at 71% capacity for the second half of the year.

The successful elections and peaceful change of government has re-enhanced investor confidence in the economy. It is anticipated that the resultant business boom will lead to higher patronage of our investment properties.

CREDIT MALL LIMITED

Credit Mall Limited (CML) has consistently shown an impressive improvement in profitability, growth, HP/finance income and net assets for the past five years.

Chairman's Report (cont'd)

The picture is still bright for the years ahead when the Board takes into consideration the company's fulfillment of its monetary requirements to the Fund and prudent tax planning

The Board and Management of Credit Mall were therefore extremely delighted with the new Software which shall encompass all the subsidiaries and the Fund, thus strengthening the Group effect.

CML has formed alliances with suppliers of building materials and has rolled out several packages for teachers. It is envisaged that this product line shall be the market leader in CML's product offerings in the very near future.

With its head office in Accra and in addition to the two Branches in Tamale and Kumasi representing the Northern and Middle Belt respectively, the Company has opened five new Satellite Offices to augment the efforts of the Branches:

In addition to the Sales Outlets, the Company has engaged Sales Agents to market CML's products.

Credit Mall has launched an Online Sales Platform which is an interactive Sales portal that enables prospective clients to book requests online.

Customer Care which is CML's foremost core value has improved significantly over the period. This has been achieved by monitoring the response rate of our suppliers to ensure that products returned are dealt with according to warranty provisions within the shortest possible time. CML has also pushed for outright replacement of certain product categories to improve loyalty among our customers.

OUTLOOK FOR 2017

DIRECT TRANSFER OF LOANS INTO THE ACCOUNTS OF BENEFICIARIES

Until the third quarter of 2017, the Fund Secretariat received several complaints from members concerning delays in processing and disbursing loans. Over the years, the approach to disbursing loans involved writing cheques for loan beneficiaries and posting them to Districts Secretariats for collection. As part of efforts to improve upon our efficiency and reduce the loan disbursement period, the Fund Secretariat explored transferring loans directly into the bank accounts of beneficiaries from June 2017. This initiative was piloted in the Northern and Eastern Regions in June and July 2017 respectively. In the Greater Accra and Ashanti Regions, similar pilot exercises were carried out from August 2017. Following the successful piloting, the initiative was extended to all regions from September 2017.

REDUCTION OF INTEREST ON LOANS

The Teachers Fund loans remain the most important products for our members and the gradual decline of interest rates in the country has not gone unnoticed by the Board of Trustees and Management. It is my pleasure to state that the Board significantly reduced the interest rate to eighteen percent with effect from 1st July 2017 to reflect ongoing development in the financial sector.



Chairman's Report (cont'd)

SPECIAL CONTRIBUTION INCREMENT EXERCISE

The exercise that started last year will be repeated during the first quarter of 2018.

The thrust of this exercise is to:

- i. Afford every contributing member the opportunity to increase his/ her contribution to boost their retirement benefits without the usual completion of multiple documents required by the Controller and Accountant General's Department.
- ii. Bolster the Fund's cash flow for investment purposes to ensure its continuous growth. We entreat all members to contact their Districts Secretaries and Local GNAT Representatives and get their contributions increased today for a better retirement.

TWENTIETH ANNIVERSARY CELEBRATION

The Teachers Fund will celebrate its Twentieth Anniversary in May 2018 under the theme "**TF @ 20: Invest to Benefit Today and Secure your Future**". The anniversary was launched on Wednesday 31st May 2017 at the Teachers Hall. Anniversary activities have been scheduled for each region including Radio Interviews and Durbars from July 2017 to March 2018. The celebrations shall be crowned with an awards ceremony in May 2018. Teachers across the country are encouraged to participate in all activities related to the anniversary.

CONCLUSION

May I end my speech by making reference to an inspiring biblical quotation from Philippians Chapter Four Verse Eight which states: "Finally, brethren, whatsoever things are true, whatsoever things are honest, whatsoever things are pure, whatsoever things are lovely, whatsoever things are of good report, if there be any virtue and if there be any praise, think on these things"

Finally, I wish to thank my fellow Trustees, the Management Team and Staff of the Fund for another excellent performance in 2016. I thank you all and wish you the best for 2017.



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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TEACHERS FUND AND ITS SUBSIDIARIES



Ernst & Young Chartered Accountants

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Report on the Audit of the separate and consolidated financial statements

Opinion

We have audited the separate and consolidated financial statements of Teachers Fund and its subsidiaries (the Group) set out on pages 26 to 64, which comprise the separate and consolidated statement of financial position as at 31 December 2016, and the separate and consolidated statement of comprehensive income, the separate and consolidated statement of changes in equity and the separate and consolidated statement of cash flows for the year then ended, and notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the separate and consolidated financial statements present fairly, in all material respects, the separate and consolidated financial position of the group as at 31 December 2016, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and in a manner required by the provisions 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 Separate and Consolidated Financial Statements section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of Teachers Fund and its Subsidiaries. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of the Group. 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 notice and agenda of meeting, corporate information, profile of board of Trustees, report of the Trustees, corporate governance, report from the Chairman which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the separate and consolidated financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated 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 separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustees for the separate and consolidated financial statements

The Trustees are responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with International Financial Reporting Standards 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 separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, the Trustees are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the audit of the separate and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 separate and consolidated 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 consolidated 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 Group'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 group's ability to continue as a going concern. If we conclude that a



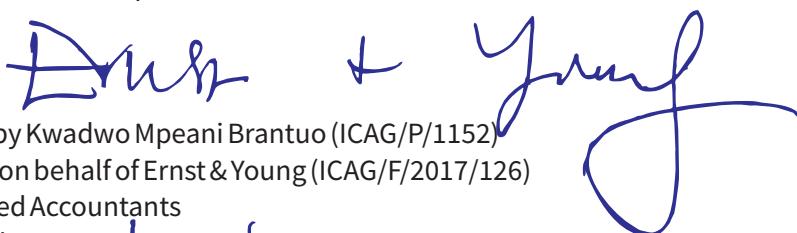
INDEPENDENT AUDITORS' REPORT (cont'd)

- material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated 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 group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion. We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 hereby confirm:

- 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 Group, so far as appears from our examination of those books; and
- iii) The balance sheet (statement of financial position) and profit or loss (statement of comprehensive income) and income surplus account of the Group are in agreement with the books of account.
- I v) The group accounts have been properly prepared in accordance with the provisions of the Companies Act, 1963 (Act 179) so as to give a true and fair view of the state of affairs and surplus or loss of the Fund and its subsidiaries



Signed by Kwadwo Mpeani Brantuo (ICAG/P/1152)
For and on behalf of Ernst & Young (ICAG/F/2017/126)
Chartered Accountants
Accra, Ghana
Date: 13 / 11 / 2017



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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	THE GROUP		THE FUND	
		2016	2015	2016	2015
		GH¢	GH¢	GH¢	GH¢
Revenue					
Interest income	4	120,471,026	84,507,021	119,911,110	88,069,832
Dividend income	5	1,817,335	2,213,977	1,817,335	2,213,977
Hire purchase and rental income	6	14,740,216	12,824,838	-	-
Fair value gain on managed funds	7	57,713	46,844	57,713	46,844
Sundry income	8	1,671,881	696,486	430,846	66,175
Commission and fees income	9	-	77,889	-	-
Revaluation gain on investment properties	21	-	69,775,041	-	-
Total Income		<u>138,758,171</u>	<u>170,142,096</u>	<u>122,217,004</u>	<u>90,396,828</u>
Expense					
Direct costs	10	1,794,735	1,493,786	-	-
Cost of sales	11	6,096,965	4,538,689	-	-
Operating expenses	12	33,064,508	25,061,004	20,871,043	15,565,207
Credit loss expense	13	7,294,888	6,134,745	(493,377)	4,879,011
Total operating expenses		<u>48,251,096</u>	<u>37,228,224</u>	<u>20,377,666</u>	<u>20,444,218</u>
Surplus before tax		90,507,075	132,913,872	101,839,338	69,952,610
Income tax expense	14(a)	<u>871,733</u>	<u>(9,830,411)</u>	<u>-</u>	<u>-</u>
Surplus after tax		91,378,808	123,083,461	101,839,338	69,952,610
Other comprehensive Income:					
Available for sale reserves		<u>(3,798,052)</u>	<u>(4,275,874)</u>	<u>(3,798,052)</u>	<u>4,275,874)</u>
Total comprehensive income for the year		<u>87,580,756</u>	<u>118,807,587</u>	<u>98,041,286</u>	<u>65,676,736</u>

Notes 1 to 41 form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	THE GROUP		THE FUND	
		2016 GH¢	2015 GH¢	2016 GH¢	2015 GH¢
ASSETS					
Cash and cash equivalents	15	17,557,564	14,683,134	13,483,090	3,871,568
Loans and advances	16	353,289,992	274,541,984	326,830,877	247,822,556
Trade and other account receivables	17	49,426,707	19,906,229	12,071,195	618,326
Managed funds	18	20,716,357	16,131,177	20,716,357	16,131,177
Financial assets -available for sale	19	24,133,055	27,727,509	24,133,055	27,727,509
Financial assets -held to maturity	20	83,181,798	78,899,553	83,181,798	78,899,553
Investment properties	21	142,771,264	140,092,986	-	-
Inventory and other assets	22	3,918,183	1,840,863	-	-
Corporation tax asset	14[b]	6,169,729	-	-	-
Deferred tax asset	14[c]	4,107,919	986,848	-	-
Goodwill and intangible assets	23[c]	89,999,716	-	-	-
Property, plant and equipment	24	12,263,840	2,479,037	936,039	619,382
Equity investment in subsidiaries	25	-	-	116,087,565	18,318,672
Loan to subsidiaries	26	-	-	52,645,262	85,574,127
Total assets		807,536,124	577,289,320	650,085,238	479,582,870
Liabilities					
Trade and other account payables	27	36,072,244	22,821,344	13,844,609	11,330,039
Corporation tax payable	14[b]	-	800,399	-	-
Warranty provision	28	71,852	57,278	-	-
Deferred tax liability	14[c]	16,836,119	16,406,791	-	-
Loans and borrowings	29	43,930,082	-	-	-
Defined benefit plan	30	6,476,437	-	-	-
Total liabilities		103,386,734	40,085,812	13,844,609	11,330,039
Net assets attributable to Fund Contributors					
Contributors		704,149,390	537,203,508	636,240,629	468,252,831
Net assets attributable to Fund Contributors					
Members' Fund		333,978,088	251,530,185	333,978,088	251,530,185
Retained surplus		338,416,561	260,981,695	285,673,349	196,335,402
Statutory reserve	31	1,629,768	1,629,768	-	-
Regulatory risk reserve	32	4,117,167	2,674,616	-	-
Available for sale reserves	33	16,589,192	20,387,244	16,589,192	20,387,244
Non-controlling interest (NCI)	34	9,418,614	-	-	-
Total Net assets attributable to Fund Contributors		704,149,390	537,203,508	636,240,629	468,252,831

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

Trustee



13/11/2017

Trustee

13/11/2017





STATEMENT OF CHANGES IN NET ASSETS

ATTRIBUTABLE TO GROUP MEMBERS FOR THE YEAR ENDED
31 DECEMBER 2016

The Group	Members' Fund	Retained surplus	Statutory reserve (note 31)	Available for sales reserves note 33)	Regulatory credit risk reserve (note 32)	Non-controlling interest	Total GH¢
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)
Surplus for the year	-	91,378,808	-	-	-	-	91,378,808
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)
Gross member contribution	-	-	-	-	-	-	-
Transfer to credit risk reserve	-	(1,442,551)	-	-	1,442,551	-	-
Non-controlling interest	-	-	-	-	-	9,418,614	9,418,614
As at 31 December 2016	<u>333,978,088</u>	<u>338,416,561</u>	<u>1,629,768</u>	<u>16,589,192</u>	<u>4,117,167</u>	<u>9,418,614</u>	<u>704,149,390</u>
As at 1 January 2015	191,656,484	148,365,158	1,378,420	24,663,118	2,219,143	-	368,282,323
Other comprehensive income	-	-	-	(4,275,874)	-	-	(4,275,874)
Transfer to credit risk reserve	-	(455,473)	-	-	455,473	-	-
Surplus for the year	-	123,083,461	-	-	-	-	123,083,461
Exit payments	(13,974,630)	-	-	-	-	-	(13,974,630)
Transfer to statutory reserve	-	(251,348)	251,348	-	-	-	-
Gross member contribution	73,848,331	-	-	-	-	-	73,848,331
Return on members exits	-	(9,760,103)	-	-	-	-	(9,760,103)
As at 31 December 2015	251,530,185	260,981,695	1,629,768	20,387,244	2,674,616	-	537,203,508

Notes 1 to 41 form an integral part of these financial statements

STATEMENT OF CHANGES IN NET ASSETS

**ATTRIBUTABLE TO THE FUND MEMBERS FOR THE YEAR ENDED
31 DECEMBER 2016**

	Members' Fund GH¢	Retained Surplus GH¢	Available for sales reserves GH¢	Total GH¢
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
Gross member contribution	-	-	-	95,102,062
Exit payments	(12,654,159)	-	-	(12,654,159)
Return on member exits	-	(12,501,391)	(12,501,391)	
As at 31 December 2016	333,978,088	285,673,349	16,589,192	636,240,629
As at 1 January 2015	191,656,484	136,142,895	24,663,118	352,462,497
Other comprehensive income	-	-	(4,275,874)	(4,275,874)
Surplus for the year	-	-	-	69,952,610
Gross member contribution	-	-	-	73,848,331
Exit payments	(13,974,630)	-	-	(13,974,630)
Return on member exits	-	(9,760,103)	(9,760,103)	
As at 31 December 2015	251,530,185	196,335,402	20,387,244	468,252,831

Notes 1 to 41 form an integral part of these financial statements



STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	The Group		The Fund	
		2016 GH¢	2015 GH¢	2016 GH¢	2015 GH¢
OPERATING ACTIVITIES					
Net income for the year before tax		90,507,075	132,913,872	101,839,338	69,952,610
Non-cash items adjustments:					
Add depreciation of PPE	24	1,035,651	846,979	411,001	255,100
Add amortisation of intangible assets	23	-	6,858	-	-
Less surplus on sale of PPE		(15,000)	(36,769)	-	(150)
Less revaluation gain on investment properties	21				
Net cash from operating activities before working capital changes		-	(69,775,041)	-	-
		91,527,726	63,955,899	102,250,339	70,207,560
Increase in trade and other account payables					
(Increase)/decrease in trade and other account receivables		13,250,900	2,350,872	2,514,570	63,256
Increase in loans and advances		(29,520,478)	6,734,418	(11,452,869)	14,939,256
Increase in managed funds		(78,748,008)	(57,300,183)	(79,008,321)	(49,196,819)
Increase in financial assets		(4,585,180)	(3,641,937)	(4,585,180)	(3,641,937)
Increase in other assets		(4,282,244)	(46,340,285)	(4,282,245)	(46,340,285)
Increase/(Decrease) in other liabilities		(2,077,320)	(1,115,347)	-	-
Increase in provisions		14,574	3,552	-	-
Cash used in operations before tax		(15,220,429)	(34,552,612)	5,436,294	(13,968,969)
Tax paid		(1,236,968)	(762,779)	-	-
Net cash used in operating activities		(16,457,397)	(35,315,391)	5,436,294	(13,968,969)
INVESTING ACTIVITIES					
Proceeds from sale of PPE		117,298	36,767	-	150
Purchase of PPE		(10,688,181)	(1,320,306)	(727,657)	(627,462)
Equity investment in subsidiaries		-	-	(97,768,893)	-
Purchase of investment properties	21	(247,006)	(11,224,174)	-	-
Equity investment in listed securities		(203,599)	-	(203,599)	-
Purchase of intangible assets	23	(89,999,716)	-	-	-
Net cash used in investing activities		(101,021,204)	(12,507,713)	(98,700,149)	(627,312)
FINANCING ACTIVITIES					
Membership contributions		95,102,062	73,848,331	95,102,062	73,848,331
Exit payments		(12,654,159)	(13,974,630)	(12,654,159)	(13,974,630)
Return on exit payment		(12,501,391)	(9,760,103)	(12,501,391)	(9,760,103)
Loans and borrowings		43,930,082	-	-	-
Defined benefit plan		6,476,437	-	-	-
Loan to subsidiary		-	-	32,928,865	(32,844,088)
Net cash used in financing activities		120,353,031	50,113,598	102,875,377	17,269,510
Increase in cash and cash equivalents		2,874,430	2,290,494	9,611,522	2,673,229
Cash and cash equivalents as at 1 January	15	14,683,134	12,392,640	3,871,568	1,198,339
Cash and cash equivalents as at 31 December	15	17,557,564	14,683,134	13,483,090	3,871,568

Notes 1 to 41 form an integral part of these financial statements

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2016

I. Corporate Information

The financial statements of Teachers Fund and its subsidiaries (collectively, the Group) for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Board of Trustees.

The principal activities of the group includes

- 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

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.



NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2016. 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.

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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



NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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 income statement in the period in which the item is derecognized.

2.7 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.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

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

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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 the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as 'cash and cash equivalents'. For the purpose of 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.

Available for sale (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.



NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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 effected 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. 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.

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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



NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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 income statement 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.

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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.



NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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 2015 to assess fair value for investment properties. The fair values used in 2016 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.

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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.

3.1 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 accounting for the 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.

(a) Classification and measurement

From a classification and measurement perspective, the new standard will require all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories will be replaced by: fair Value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI), and amortised cost. IFRS 9 will also allow entities to continue to irrevocably designate instruments that qualify for amortised cost or fair value through OCI instruments as FVPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

The accounting for financial liabilities will largely be the same as the requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements will be presented in OCI with no subsequent reclassification to the income statement, unless an accounting mismatch in profit or loss would arise.

(b) Impairment

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



NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

which case, the allowance is based on the probability of default over the life of the asset.

The Group is yet to establish a policy to perform an assessment at the end of each reporting period of whether credit risk has increased significantly since initial recognition but may consider changes in the risk of default occurring over the remaining life of the financial instrument. The Group will also incorporate forward-looking information in both the assessment of significant increase in credit risk and the measurement of ECLs.

The Group plans to adopt the new standard on the required effective date. Overall, the Group expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Group expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

3.2 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 anticipate early adopting IFRS 15 and is currently evaluating its impact.

3.3 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

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

either a full retrospective or a modified retrospective approach. The Group does not anticipate early adopting IFRS 16 and is currently evaluating its impact.

3.4. Amendments to IAS 12 Income Taxes

In January 2016, through issuing amendments to IAS 12, the IASB clarified the accounting treatment of deferred tax assets of debt instruments measured at fair value for accounting, but measured at cost for tax purposes. The amendment is effective from 1 January 2017. The Group is currently evaluating the impact, but does not anticipate that adopting the amendments would have a material impact on its financial statements.

3.5 Amendments to IAS 7 Statement of Cash Flows

In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows with the intention to improve disclosures of financing activities and help users to better understand the reporting entities' liquidity positions. Under the new requirements, entities will need to disclose changes in their financial liabilities as a result of financing activities such as changes from cash flows and non-cash items (e.g., gains and losses due to foreign currency movements). The amendment is effective from 1 January 2017. The Group is currently evaluating the impact.



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FOR THE YEAR ENDED 31 DECEMBER 2016

4. Interest income

	The Group 2016 GH¢	2015 GH¢	The Fund 2016 GH¢	2015 GH¢
Interest income on:				
Loan to fund members	76,685,474	55,347,323	76,685,474	55,347,323
Cash and cash equivalents	2,069,814	1,793,058	2,069,814	1,786,051
Financial assets held to maturity	20,510,233	13,926,162	20,510,233	13,926,162
Loan to subsidiary	-	-	20,645,589	17,010,296
Hire purchase contracts	8,080,650	-	-	-
Loans granted by TF financial services	13,124,855	13,440,478	-	-
	<u>120,471,026</u>	<u>84,507,021</u>	<u>119,911,110</u>	<u>88,069,832</u>

5. Dividend income

	The Group 2016 GH¢	2015 GH¢	The Fund 2016 GH¢	2015 GH¢
Quoted Equity securities available for sale	1,765,329	1,671,909	1,765,329	1,671,909
Unquoted Equity securities available for sale	52,006	542,068	52,006	542,068
	<u>1,817,335</u>	<u>2,213,977</u>	<u>1,817,335</u>	<u>2,213,977</u>

6. Hire purchase & rental income

	The Group 2016 GH¢	2015 GH¢	The Fund 2016 GH¢	2015 GH¢
Rental income	7,555,053	7,096,998	-	-
Hire purchases sales	7,185,163	5,727,840	-	-
	<u>14,740,216</u>	<u>12,824,838</u>	<u>-</u>	<u>-</u>

7. Fair value gain on managed funds

	The Group 2016 GH¢	2015 GH¢	The Fund 2016 GH¢	2015 GH¢
	<u>57,713</u>	<u>46,844</u>	<u>57,713</u>	<u>46,844</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Sundry income

	The Group	The Fund	
	2016 GH¢	2015 GH¢	2016 GH¢
Other sundry income	1,343,207	141,586	430,846
Profit on disposal of PPE	15,000	36,771	-
Shuttle	313,675	271,148	-
Realised exchange gain	-	246,981	-
	<u>1,671,881</u>	<u>696,486</u>	<u>430,846</u>
			66,175

9. Commission and fees income

	The Group	The Fund	
	2016 GH¢	2015 GH¢	2016 GH¢
Commission on loan insurance	-	77,889	-
	<u>-</u>	<u>77,889</u>	<u>-</u>

10. Direct costs

	The Group	The Fund	
	2016 GH¢	2015 GH¢	2016 GH¢
Security expense	253,019	205,248	-
Repairs and maintenance	590,116	460,115	-
Cleaning and sanitation	229,363	215,311	-
Fuel	148,844	293,970	-
Other direct costs	573,393	319,142	-
	<u>1,794,735</u>	<u>1,493,786</u>	<u>-</u>

11. Cost of sales

	The Group	The Fund	
	2016 GH¢	2015 GH¢	2016 GH¢
Cost of goods sold	<u>6,096,965</u>	<u>4,538,689</u>	<u>-</u>

12. Operating expenses

Operating expenses include:

	The Group	The Fund	
	2016 GH¢	2015 GH¢	2016 GH¢
Depreciation and amortization	1,040,835	853,837	411,001
Audit expense	274,747	238,109	140,800
Directors emoluments	629,797	461,607	-
Trustees re-imbursables	1,106,250	696,546	1,106,250
			696,546



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Credit loss expense

	The Group	The Fund	
	2016 GH¢	2015 GH¢	2016 GH¢
Impairment provision on loans	6,819,447	5,858,622	(493,377)
Impairment on hire purchase contracts	475,441	276,123	-
	<hr/> 7,294,888	<hr/> 6,134,745	<hr/> (493,377)
			<hr/> 4,879,011

14a. Income tax expense - The Group

The major components of income tax expense for the years ended 31 December 2016 and 2015 are:

	2016 GH¢	2015 GH¢
Current tax (14b)	236,332	649,503
Net movement in deferred tax (14c)	(1,108,065)	9,180,908
Income tax expense reported in the income statement	(871,733)	9,830,411
	<hr/> (871,733)	<hr/> 9,830,411

14b. Corporation tax payable - The Group

	Balance at 1 January GH¢	Payments during the year GH¢	Charge/(credit) to statement of comprehensive income GH¢	Balance as at 31 December GH¢
Year of assessment up to 2015	800,399	-	-	800,399
2016	-	(1,236,968)	236,332	(1,000,636)
Current tax asset - Aviance Ghana Limited	<hr/> 800,399	<hr/> (1,236,968)	<hr/> 236,332	<hr/> (6,169,729)

14c. Deferred tax - The Group

	1/1/2016 GH¢	Charge to surplus or less GH¢	Deferred tax on acquired business GH¢	12/31/2016 GH¢
Accelerated depreciation	3,136	(4,819)	-	(1,683)
Impairment provision	(699,529)	(1,833,026)	-	(2,532,555)
Warranty provisions	(300,452)	300,452	-	-
Deferred tax asset - Aviance Ghana Ltd	<hr/> -	<hr/> -	<hr/> 1,573,681	<hr/> (1,573,681)
Deferred tax asset (i)	(996,845)	(1,537,393)	1,573,681	(4,107,919)
Revaluation surplus	16,406,791	429,328	-	16,836,119
Deferred tax liability(ii)	16,406,791	429,328	-	16,836,119

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Cash and cash equivalents

	The Group	The Fund	
	2016 GH¢	2016 GH¢	2015 GH¢
Cash at banks	17,555,983	8,088,998	13,481,509
Cash at Hand	1,581	92,481	1,581
Short term investments	-	6,501,655	-
	<u>17,557,564</u>	<u>14,683,134</u>	<u>13,483,090</u>
			3,871,568

16. Loans and advances

	The Group	The Fund	
	2016 GH¢	2016 GH¢	2015 GH¢
Loans to Fund members	338,792,324	261,541,095	338,792,324
Loans to staff	1,377,657	796,514	724,050
Loans to other parties by subsidiaries	35,916,462	29,230,605	-
Allowance for impairment losses	(22,796,451)	(17,026,230)	(12,685,497)
	<u>353,289,992</u>	<u>274,541,984</u>	<u>326,830,877</u>
			247,822,556

17. Trade and other account receivables

	The Group	The Fund	
	2016 GH¢	2016 GH¢	2015 GH¢
Other receivables	24,349,054	4,177,386	338,792,324
Trade receivables	15,514,532	7,110,333	724,050
Hire purchase debtors	6,663,346	7,985,681	-
Pre-payments	2,899,775	632,829	(12,685,497)
	<u>49,426,707</u>	<u>19,906,229</u>	<u>326,830,877</u>
			12,071,195

The receivables from hire purchase contracts is net of impairment provision of GH¢1,715,670 (2015: GH¢1,240,228).

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	
	2016 GH¢	2016 GH¢	2015 GH¢
Quoted equities	22,349,555	25,944,009	22,349,555
Unquoted equities	1,783,500	1,783,500	1,783,500
	<u>24,133,055</u>	<u>27,727,509</u>	<u>24,133,055</u>
			27,727,509

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Financial assets - held to maturity

	The Group	The Fund	
	2016 GH¢	2015 GH¢	2016 GH¢
Investment in treasury bills	865,843	541,334	865,843
Investment in fixed deposits	82,315,955	78,358,219	82,315,955
	<hr/> 83,181,798	<hr/> 78,899,553	<hr/> 78,899,553

21. Investment properties

	The Group	2015
	2016 GH¢	GH¢
Opening balance at 1 January	140,092,986	59,093,771
Additions (subsequent expenditure)	247,006	11,224,174
Net gain/(loss) from fair value adjustment	-	69,775,041
Adjustment to opening balance	<hr/> 2,431,272	<hr/> -
Closing balance at 31 December	142,771,264	140,092,986

The valuations were performed by an accredited independent valuer (Property Solution Limited) with a recognised and relevant professional qualification and 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¢8,409,651 (2015: GH¢7,096,998). 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¢1,794,734 (2015: GH¢1,493,786). 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	2015
	2016 GH¢	GH¢
Staff advances	-	6,104
Inventories	<hr/> 3,918,183	<hr/> 1,834,759
	<hr/> 3,918,183	<hr/> 1,840,863

23. Goodwill and intangible assets

In December 2016 Teachers Fund acquired 60% stake in Aviance Ghana Limited. The total consideration for this acquisition was GH¢47,853,600. The following are the net assets of Aviance Ghana Limited at the date of acquisition:

	GH¢
Stated capital	1,860,320
Retained earnings	<hr/> 21,686,216
	<hr/> 23,546,536

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23a. Goodwill on acquisition of Aviance Ghana Limited

Goodwill arising from the acquisition of Aviance Ghana Limited has been recognised as follows:

	GH¢
Total consideration paid	47,853,600
The Fund's share of identifiable net assets acquired (60%)	<u>(14,127,922)</u>
Goodwill arising from the acquisition	<u>33,725,678</u>

23b. Total goodwill

	GH¢
Goodwill arising from the Fund's acquisition of Aviance Gh. Ltd (23a)	33,725,678
Goodwill per Aviance Ghana Limited's balance Sheet (23b)	<u>52,181,854</u>
Total goodwill	<u>85,907,532</u>

23c. Goodwill and intangible assets

	2016	The Group	Intangible	Total
	Goodwill	Assets		
Cost				
Balance at 1 January	-	-	-	-
Additions	<u>85,907,532</u>	<u>4,092,184</u>	<u>89,999,716</u>	<u>89,999,716</u>
Balance at 31 December	<u>85,907,532</u>	<u>4,092,184</u>	<u>89,999,716</u>	<u>89,999,716</u>
Amortisation				
Balance at 1 January	-	-	-	-
Charge for the year	-	-	-	-
Balance at 31 December	-	-	-	-
Carrying amount as at 31 December 2016	<u>85,907,532</u>	<u>4,092,184</u>	<u>89,999,716</u>	<u>89,999,716</u>
2015				
Cost				
Balance at 1 January	-	20,572	20,572	20,572
Additions	-	-	-	-
Balance at 31 December	-	<u>20,572</u>	<u>20,572</u>	<u>20,572</u>
Amortisation				
Balance at 1 January	-	13,714	13,714	13,714
Charge for the year	-	<u>6,858</u>	<u>6,858</u>	<u>6,858</u>
Balance at 31 December	-	<u>20,572</u>	<u>20,572</u>	<u>20,572</u>
Carrying amount as at 31 December 2015	-	-	-	-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24ba. Property, plant and equipment

The Group

	2016 Cost	Leasehold land & buildings GHS	Motor vehicles GHS	Computers GHS	Office equipment GHS	Furniture and fittings GHS	Plant and machinery GHS	Total GHS
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)	
Transfer 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)	
Transfer and adjustment	-	-	(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

24b). Property, plant and equipment

The Group

	Leasehold land and buildings GH¢	Motor vehicles GH¢	Computers GH¢	Office equipment GH¢	Furniture and fittings GH¢	Plant and machinery GH¢	Total GH¢
2015 Cost							
Balance at 1 January 2015	52,345	1,945,274	900,082	226,272	587,872	366,944	4,078,789
Additions during the year	-	587,010	364,809	83,329	239,024	46,134	1,320,306
Disposal	-	(76,517)	-	(870)	(5,644)	(83,031)	
Balance at 31 December 2015	52,345	2,455,767	1,264,891	308,731	821,252	413,078	5,316,064
Accumulated depreciation							
Balance at 1 January 2015	11,864	679,091	779,980	184,363	330,968	86,813	2,073,079
Charge for the year	1,570	492,787	168,785	31,421	105,270	47,146	846,979
Disposal	-	(76,517)	-	(870)	(5,644)	(83,031)	
Balance at 31 December 2015	13,434	1,095,361	948,765	214,914	430,594	133,959	2,837,027
Carrying amount	38,911	1,360,406	316,126	93,817	390,658	279,119	2,479,037
Balance at 31 December 2015	40,481	1,266,183	120,102	41,909	256,904	280,131	2,005,710
Balance at 1 January 2015							



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24c). Property, plant and equipment

The Fund

	Leasehold land & buildings 2016 Cost	Motor vehicles 2016 Cost	Computers 2016 Cost	Office equipment 2016 Cost	Furniture and fittings 2016 Cost	Total 2016 Cost
Balance at 1 January 2016	52,345	527,815	586,545	110,265	232,978	1,509,948
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	294,475	2,237,605
Accumulated depreciation						
Balance at 1 January 2016	13,434	229,932	457,194	74,094	115,911	890,565
Charge for the year	1,570	213,207	115,906	49,515	30,803	411,001
Disposal	-	-	-	-	-	-
Balance at 31 December 2016	15,004	443,139	573,100	123,609	146,714	1,301,566
Carrying amount						
Balance at 31 December 2016	37,341	468,856	148,354	133,727	147,761	936,039

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24d). Property, plant and equipment

The Fund

	Leasehold land & buildings GH¢	Motor vehicles GH¢	Computers GH¢	Office equipment GH¢	Furniture and fittings GH¢	Total GH¢
2015 Cost						
Balance at 1 January 2015	52,345	210,085	411,308	64,816	144,633	883,187
Additions during the year	-	317,730	175,237	45,449	89,046	627,462
Disposal						
Balance at 31 December 2015	52,345	527,815	586,545	110,265	232,979	1,509,949
Accumulated depreciation						
Balance at 1 January 2015	11,865	98,001	373,128	60,608	92,565	636,167
Charge for the year	1,570	131,932	84,065	13,487	24,046	255,100
Disposal						
Balance at 31 December 2015	13,435	229,933	457,193	74,095	115,911	890,567
Carrying amount						
Balance at 31 December 2015	38,910	297,882	129,352	36,170	117,068	619,382
Balance at 1 January 2015	40,482	112,084	38,179	4,208	52,068	247,021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Equity investments in subsidiaries

	The Group		The Fund	
	2016 GH¢	2015 GH¢	2016 GH¢	2015 GH¢
TF Properties Limited	-	-	54,298,672	10,298,672
TF Financial Services	-	-	11,000,000	7,000,000
Credit Mall	-	-	2,935,293	1,020,000
Aviance Ghana Limited	<u> </u> -	<u> </u> -	<u> </u> 47,853,600	<u> </u> -
	<u> </u> <u> </u>	<u> </u> <u> </u>	<u> </u> <u> </u> 116,087,565	<u> </u> <u> </u> <u> </u> 18,318,672

26. Loans to subsidiaries

	The Group		The Fund	
	2016 GH¢	2015 GH¢	2016 GH¢	2015 GH¢
TF Properties Limited	-	-	21,972,514	56,317,237
TF Financial Services	-	-	24,941,958	21,840,071
Credit Mall	-	-	5,730,790	7,416,819
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	52,645,262	85,574,127
	<hr/>	<hr/>	<hr/>	<hr/>

27. Trade and other account payables

	The Group		The Fund	
	2016	2015	2016	2015
	GH¢	GH¢	GH¢	GH¢
Withholding taxes - Trustees	58,442	70,926	58,442	70,926
Other taxes payables	85,088	2,258	85,088	-
Deferred income	20,856,893	17,125,219	13,412,835	11,079,910
Accruals	4,246,587	150,795	152,982	115,059
Sundry suppliers	1,923,865	5,242,359	135,262	-
Other account payables	8,901,369	229,787	-	64,144
	<u>36,072,244</u>	<u>22,821,344</u>	<u>13,844,609</u>	<u>11,330,039</u>

28. Warranty provision

The provision for warranties relates primarily to electronic items sold during the year. When recognising revenue, the Group 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 2016 was **GH¢71,852** (2015: GH¢57,278). 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. Loans and borrowings

This is a loan a subsidiary has taken from Stanbic Bank Ghana Ltd. The carrying amount as at 31 December 2016 is:

	The Group	
	2016	2015
	GH¢	GH¢
Secured bank loans	<u>43,930,082</u>	-

On June 2015, Aviance Ghana Limited (a subsidiary of Teachers Fund) contracted the loan facility from Stanbic Bank Ghana Limited. The loan was obtained to purchase equipment to augment the Company's ground operations at Kotoka International Airport. The loan facility is secured by a fixed and floating charge over all current and future assets of the Company and with a guarantee from the Parent Company, Teachers Fund. The loan is repayable in twenty (20) equal instalments and it expires in June 2019.

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 salaries 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 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	
	2016	2015
	GH¢	GH¢
End of service benefits	<u>5,803,569</u>	-
Long service award	<u>672,868</u>	-
	<u>6,476,437</u>	-

31. Statutory reserve

Statutory reserve represents the cumulative amounts set aside from annual net surplus after tax of TF Financial Services Limited as required by Section 29 of the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act of 2008 (Act 738). The proportion of net profit transferred to this reserve ranges from 12.5% to 50% of net surplus after tax depending on the ratio of existing statutory reserve fund to paid up capital.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. Regulatory 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 2016 Teachers Fund acquired 60% stake in Aviance Ghana Limited. The other 40% is owned by a minority shareholder, Regimanuel Gray Estates Ltd. The minority shareholder's interest in the consolidated accounts is as follows:

Stated capital of Aviance Ghana Limited	1,860,320
Retained earnings	21,686,216
<hr/>	
Fair value of identifiable net assets	23,546,536
Non-controlling interest (40%) in the net assets	9,418,614
<hr/>	

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 summarised 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 payables, cash and cash equivalent, 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	2015
Financial institutions	91%	91%
Manufacturing	3%	3%
Insurance	5%	5%
Others	1%	1%
Total	100%	100%



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 as a whole 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 assets. 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

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

2016

	On demand GH¢	Within 1 Year GH¢	1 to 5 Years GH¢	NO Fixed maturity GH¢	Total GH¢
Cash and cash equivalents	17,557,564	-	-	-	17,557,564
Trade and other account receivables		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 account payables	-	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

The Group

2015

	On demand GH¢	Within 1 Year GH¢	1 to 5 Years GH¢	NO Fixed maturity GH¢	Total GH¢
Cash and cash equivalents	14,683,134	-	-	-	14,683,134
Trade and other account receivables	-	-	-	-	19,906,229
Managed funds	-	-	-	-	19,034,789
Financial assets - held to maturity	-	-	-	-	93,101,473
Financial assets - available for sales	-	-	-	27,727,509	27,727,509
Loans and advances	32,828,049	368,812,123	368,812,123	-	433,840,345
Total financial assets	47,511,183	368,812,123	368,812,123	27,727,509	608,293,479
Trade and other account payables	-	-	-	-	22,821,344
Net assets attributable to shareholders	-	537,203,508	-	-	537,203,508
Total financial liabilities	-	537,203,508	537,203,508	-	560,024,852



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	2016	On demand GH¢	Within 1 Year GH¢	1 to 5 Years GH¢	NO Fixed maturity GH¢	Total GH¢
Cash and cash equivalents	13,483,090		-	-	-	13,483,090
Trade and other account receivables	-	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	<u>43,293,961</u>	<u>42,465,912</u>	<u>425,784,031</u>		-	511,543,904
Total financial assets	<u>56,777,051</u>	<u>177,136,930</u>	<u>425,784,031</u>	<u>192,865,882</u>		<u>852,563,894</u>
Trade and other account payables	-	13,844,609		-	-	13,844,609
Net assets attributable to shareholders	-	-	636,240,629		-	636,240,629
Total financial liabilities	-	<u>13,844,609</u>	<u>636,240,629</u>			<u>650,085,238</u>

The Fund

	2015	On demand GH¢	Within 1 Year GH¢	1 to 5 Years GH¢	NO Fixed maturity GH¢	Total GH¢
Cash and cash equivalents	3,871,568		-	-	-	3,871,568
Trade and other account receivables	-	618,326		-	-	618,326
Managed funds	-	19,034,789		-	-	19,034,789
Financial assets - held to maturity	-	93,101,473		-	-	93,101,473
Financial assets - available for sales	-	-		-	27,727,509	27,727,509
Equity investment in subsidiaries	-	-		-	18,318,672	18,318,672
Loan to subsidiaries	-	-		-	85,574,127	85,574,127
Loans and advances	<u>32,828,049</u>	<u>32,200,173</u>	<u>322,854,707</u>		-	387,882,929
Total financial assets	<u>36,699,617</u>	<u>144,954,761</u>	<u>322,854,707</u>	<u>131,620,308</u>		<u>636,129,393</u>
Trade and other account payables	-	11,330,039		-	-	11,330,039
Net assets attributable to shareholders	-	-	468,252,831		-	468,252,831
Total financial liabilities	-	<u>11,330,039</u>	<u>468,252,831</u>			<u>479,582,870</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. Capital management

As a result of the ability to receive and redeem member's 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

37. Related party disclosures

The consolidated financial statements of the Group include the following subsidiaries:

Name	Principal Activities	% of Equity Interest	
		2016	2015
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%	-

The following are the transactions and balances with the subsidiaries:

Subsidiaries

The following are the transactions and balances with the entity's subsidiaries:

	2016 GH¢	2015 GH¢
Loans to Subsidiaries		
TF Financial Services Limited	24,941,958	21,840,071
Credit Mall Limited	5,730,790	7,416,819
TF Properties Limited	<u>21,972,514</u>	<u>56,317,237</u>
	<u>52,645,262</u>	<u>85,574,127</u>
Dividend Income from subsidiaries		
Credit Mall Limited	<u>52,006</u>	<u>30,000</u>
Interest Income from subsidiaries		
TF Financial Services Limited	5,609,457	4,801,861
Credit Mall Limited	1,335,973	1,336,488
TF Properties Limited	<u>13,700,157</u>	<u>10,871,947</u>
	<u>20,645,587</u>	<u>17,010,296</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group

	2016	2015
	GH¢	GH¢
Compensation of key management personnel		
Directors' emoluments	629,797	461,607
Trustees' reimbursable	1,106,250	696,546
Total compensation to Directors and Trustees	<u>1,736,047</u>	<u>1,158,153</u>

The Fund

Compensation of Trustees of the Fund		
Trustees reimbursable	1,106,250	696,546
Total compensation paid to Trustees	<u>1,106,250</u>	<u>696,546</u>

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. Maturity analysis of assets and liabilities (continued)

The Group

	215	Within 12 months GH¢	Within 12 months GH¢	Total GH¢
Assets				
Cash and cash equivalents	14,683,134	-	-	14,683,134
Loans and advances	60,116,331	214,425,653	-	274,541,984
Trade and other account receivables	19,906,229	-	-	19,906,229
Managed funds	-	16,131,177	-	16,131,177
Financial assets - available for sales	-	27,727,509	-	27,727,509
Financial assets - held to maturity	-	78,899,553	-	78,899,553
Investment properties	-	140,092,986	-	140,092,986
Inventory and other assets	1,840,863	-	-	1,840,863
Deferred tax asset	-	986,848	-	986,848
Property, plant and equipment	-	2,479,037	-	2,479,037
Total assets	96,546,557	480,742,763	-	577,289,320
Liabilities				
Trade and other account payables	22,821,344	-	-	22,821,344
Net assets attributable to shareholders	537,203,508	-	-	537,203,508
Warranty provision	57,278	-	-	57,278
Corporation tax payable	800,399	-	-	800,399
Deferred tax liability	-	16,406,791	-	16,406,791
Total liabilities	560,882,529	16,406,791	-	577,289,320

39. 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 statement under review. These liabilities are relevant in assessing the Group's financial position and performance

40. Contingent Liabilities

The Group had no contingent liabilities as at 31 December 2016 (2015 Nil).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. 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¢
2016				
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

The Fund

	Level 1 GH¢	Level 2 GH¢	Level 3 GH¢	Total GH¢
2016				
Listed Equity Securities	24,133,055	-	-	24,133,055
Total	24,133,055	-	-	24,133,055

The Group

	Level 1 GH¢	Level 2 GH¢	Level 3 GH¢	Total GH¢
2015				
Financial Assets Held to Maturity	-	-	78,899,553	78,899,553
Listed Equity Securities	27,727,509	-	-	27,727,509
Total	27,727,509	-	78,899,553	106,627,062

The Fund

	Level 1 GH¢	Level 2 GH¢	Level 3 GH¢	Total GH¢
2016				
Listed Equity Securities	27,727,509	-	-	27,727,509
Total	27,727,509	-	-	27,727,509

There were no transfers between Level 1 and Level 2 in 2016 or 2015. 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.

EMPLOYEE SALARY LOAN



We Offer:

SALARY LOANS

CONTACT US:

Head Office: 0302245753

Accra: 0302223555

Takoradi: 0312022173

Kumasi: 0322040550

LET US PAY YOU QUICKER THAN YOUR EMPLOYER

Our **Employee Salary Loan** has been designed to enable you meet your soft personal needs. It is a non-asset finance-based finance which is offered against the salaries and allowances of salaried workers.

Easy To Get... Cheaper To Pay