



SOCIAL SECURITY AND NATIONAL INSURANCE TRUST

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2011

Report of the Trustees

The trustees submit their report together with the audited financial statements of Social Security and National Insurance Trust for the year ended 31 December 2011.

1 The Trust

The Trust manages and operates the Social Security Pensions Scheme in accordance with the National Pensions Act, 2008 (Act 766). Full implementation of Act 766 commenced in the year 2010. Employees of companies operating in Ghana are required by law to be members of the Scheme. The trustees' particular responsibilities include the administration of membership records, the collection and payments of contributions into the Fund, the payment of benefits and the management of the assets of the Scheme.

2 Statement of Trustees' Responsibility

The trustees are responsible for the preparation of the financial statements for each financial year that give true and fair view of the state of affairs of the Trust. In preparing those financial statements, the board of trustees have selected suitable accounting policies that are reasonable and prudent and followed the International Financial Reporting Standards.

The trustees are responsible for ensuring that the Trust keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Trust. The trustees are also responsible for safeguarding the assets of the Trust and taking reasonable steps for the prevention and detection of fraud and other irregularities.

3 Changes in Trusteeship

The representative of the Pensioners' Association on the Board of trustees died on November 6, 2011. His replacement has not yet been named.

4 Government Contribution

In line with the policy of the Trust, we have accrued an amount for Government workers contribution amounting to GH¢208.18 million. This contribution covers the period of August to December 2011 as satisfactory arrangements have been made by the Government with the issue of a Government of Ghana Stock Certificate with a coupon rate of 14% to be redeemed on April 15, 2015.

5 Membership

	2011	2010
Membership at 1 January	1,327,658	1,308,086
New members	131,409	114,118
	-----	-----
Withdrawals	1,459,067	1,422,204
	(68,122)	(94,546)
	-----	-----
Membership at 31 December	1,390,945	1,327,658
	=====	=====

The above represents the registered membership of the scheme. The active membership, however stood at 963,619 (2010:900,332) as at 31 December 2011.

6 Pensioners

During the year the number of pensioners increased from 107,312 to 112,522.

7 Actuarial Valuation

It is the policy of the Trust to arrange for an external actuarial valuation of the Scheme every three years. The actuarial review of the Scheme as at 31 December 2008 concluded that, over a range of (but not all) possible scenarios, the existing assets and future contributions to the Scheme (at the rates set down in legislation) are, in normal circumstances, likely to be sufficient to pay benefits as they fall due over the period up to about 2030 and possibly beyond.

The Trust has entered into an agreement with the Government Actuaries Department (GAD) of Finlason House, 15-17 Furnival Street, London EC 4A 1AB, United Kingdom for an actuarial valuation of the Trust to be made. The work will commence on 1 February 2012.

8 Investments

The Trust is the only legally authorised institution to operate a Social Security Pension Scheme in Ghana and consequently has the responsibility, amongst others, for investing the Scheme's resources in order to fulfill its obligations to current and prospective pensioners. This entails a diversified investment of the Scheme's resources into promising areas of the Ghanaian economy, in particular, the financial, manufacturing and service sectors, and residential and commercial properties.

The investment portfolio is mostly locally invested and structured into short, medium and long term investments. The main categories of the investments are Government stocks, bonds, equities, residential and commercial properties, loans and short term cash deposits.

The composition of the Scheme's investment portfolio and returns at 31 December 2011 and 2010 were as follows:

	2011	Rate of	2010	Rate of
	Portfolio	Return	Portfolio	Return
	%	%	%	%
Investment Properties	7.91	3.49	10.20	7.70
Available for Sale	29.71	2.18	32.50	38.20
Held to maturity	7.87	3.65	6.30	1.50
Loans and receivables	35.86	6.08	30.30	5.30
Student loans	4.84	3.80	5.50	6.90
Short term investment	13.81	9.99	15.20	13.00
	-----		-----	
	100.00		100.00	
	-----		-----	

By order of the Board of trustees:

Chairman:
(Board of trustees), 2012

Director General, 2012



SOCIAL SECURITY AND NATIONAL INSURANCE TRUST

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2011

Independent Auditors Report To the Members of the Social Security and National Insurance Trust

We have audited the accompanying financial statements of Social Security and National Insurance Trust, as at 31 December 2011, set out on page 8 to 33, which have been prepared on the basis of the significant accounting policies on page 11 to 21 and other explanatory notes on pages 22 to 33.

Trustees' Responsibility for the Financial Statements

The trustees are responsible for the preparation and fair presentation of these financial statements in accordance with Companies Code, 1963 (Act 179) and the National Pensions Act, 2008 (Act 766). This responsibility include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the Trust has kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by Companies Code, 1963 (Act 179) and the National Pensions Act, 2008 (Act 766). The financial statements give a true and fair view of the financial position of the Trust as at 31 December 2011, and of its financial performance and cash flow for the year then ended and are drawn up in accordance with the International Financial Reporting Standards.

Report on other Legal and Regulatory Requirements

The Ghana Companies Code, 1963 (Act 179) requires that in carrying out our audit work we consider and report on the following matters. We confirm that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. in our opinion proper books of accounts have been kept by the Trust, so far as appears from our examination of those books; and
- iii. The statement of financial position and income statement of the Trust are in agreement with the books of account.

Chartered Accountants, 12th July, 2012
Accra, Ghana

Statement of Financial Position As at 31 December 2011

Net Assets Statement

	Note	2011 GH¢'000	2010 GH¢'000
Non-Current Assets			
Property, plant & equipment	4	122,800	90,103
Investment properties	5	365,037	179,791
Financial assets	6	2,315,512	1,937,348
Real estate under construction	8	118,603	140,307
		2,921,952	2,347,549
Current Assets			
Residential housing available for sale		18,256	21,112
Inventories	9	1,166	1,155
Receivables	10	68,204	52,916
Investments-short term	7	449,805	518,484
Cash & bank balances		95,390	54,598
		632,821	648,265
Current Liabilities			
Payables	11	(109,316)	(68,787)
Ghana Education Trust Fund	12	(26,418)	(26,418)
		(135,734)	(95,205)
Net current assets		497,087	553,060
Total Assets less Current Liabilities		3,419,039	2,900,609
Represented by			
Net assets at 1 January		2,900,609	2,374,803
Current year movement		518,430	525,806
Net assets at 31 December available to pay benefits		3,419,039	2,900,609

The financial statements on pages 8 to 33 were approved by the Board of Trustees on 11th July, 2012 and were signed on its behalf by:

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Chairman of the Board

.....
Director General



SOCIAL SECURITY AND NATIONAL INSURANCE TRUST

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Income Statement For the year ended 31 December 2011

Fund Account

	Note	2011 GH¢'000	2010 GH¢'000
Income			
Contributions received	14	825,955	576,833
Net investment income	15	151,104	205,252
Other income		25,526	10,326
		-----	-----
		1,002,585	792,411
Direct Costs			
Operational cost		(47,193)	(42,201)
Benefits	16	(355,154)	(310,732)
		-----	-----
		(402,347)	(352,933)
Surplus of income over direct costs			
General and administrative expenses	17	600,238	439,478
		(53,413)	(50,721)
		-----	-----
		546,825	388,757
Transfer to National Health Insurance Scheme			
	19	(108,920)	(88,069)
		-----	-----
Net Surplus		437,905	300,688
		=====	=====
Movement in Net Assets			
Surplus of income over expenditure		437,905	300,688
Net increase in the value of investments	20	80,525	225,118
		-----	-----
Net current year movement		518,430	525,806
		=====	=====

Statement of Cash Flow For the year ended 31 December 2011

	2011 GH¢'000	2010 GH¢'000
Operating Activities		
Net current year movement	518,430	525,806
Depreciation	4,080	3,935
Loss on disposal	745	(83)
Revaluation	(29,678)	-
	-----	-----
	493,577	529,658
Adjustment for Movement in Working Capital		
(Increase)/decrease in inventories	(11)	(176)
(Increase)/decrease in receivables	(15,288)	7,820
Increase/(decrease) in payables	40,529	16,444
(Increase)/decrease in residents housing for sale	2,856	(530)
	-----	-----
Net Cash Generated from Operating Activities	521,663	553,216
Investing Activities		
Purchase of property, plant & equipment	(7,881)	(4,928)
Proceeds from the sale of property, plant & equipment	37	188
Increase in financial assets	(378,164)	(581,159)
Increase in investment properties	(185,246)	(16,034)
Real estate under construction	21,704	(41,800)
	-----	-----
	(549,550)	(643,733)
Increase in Cash and Cash Equivalent		
Cash and cash equivalents at 1 January	(27,887)	(90,517)
	573,082	663,599
	-----	-----
Balance at 31 December	545,195	573,082
	=====	=====
Analysis of Cash and Cash Equivalent		
Investments-short term	449,805	518,484
Cash & bank balances	95,390	54,598
	-----	-----
	545,195	573,082
	=====	=====