SSNIT

ANNUAL REPORT

2017

SOCIAL SECURITY AND
NATIONAL INSURANCE TRUST

We deliver on our promise!

SSNIT
ANNUAL REPORT
2017

Bankers

Bank of Ghana

Ghana Commercial Bank Limited

Universal Merchant Bank (Ghana) Limited

Ecobank (Ghana) Limited

Barclays Bank Ghana Ltd

Agricultural Development Bank

Standard Chartered Bank Ghana Limited

Societe Generale Ghana

HFC Bank Limited

Ghana International Bank plc

Auditors

Audit Service
P.O. Box M96, Accra

Company Secretary

Mrs. Gifty Joan Annan
Pension House,
P.O. Box MB.149, Ministries, Accra

General Counsel

Mr. Peter Hayibor
Pension House,
P.O. Box MB.149, Ministries, Accra

OUR MISSION

To provide income security for workers in Ghana through excellent business practices.

OUR VISION

To be the model for the administration of social protection schemes in Africa and beyond.

OUR CORE VALUES

Professionalism
(Ethical Conduct, Confidentiality and Discipline)

Leadership
(Empowerment)

Integrity
(Accountable and Transparent)

Customer Focus
(Service Excellence and Empathy)

Commitment
(Passion)

Innovation
(Creativity)

Teamwork
(Collaboration and Participation)

Contents

Corporate Information

Board of Trustees

Dr. Kwame Addo Kufuor
BOARD CHAIRMAN

Hon. Mrs. Abena Osei-Asare
REP., MINISTRY OF FINANCE AND ECONOMIC PLANNING

Mr. David Ofori Acheampong
REP., ORGANISED LABOUR

Mr. Alex Frimpong
REP., GHANA EMPLOYERS' ASSOCIATION

Mr. Daniel Acheampong
REP., GHANA EMPLOYERS' ASSOCIATION

Mr. Prince William Ankrah
REP., ORGANISED LABOUR

Mr. Joshua Ansah
REP., ORGANISED LABOUR

Alhaji Mahamadu Assibi Azonko
REP., ORGANISED LABOUR

COP Beatrice Zapkaa Vin- Sanziri
REP., SECURITY SERVICES

Mr. Benjamin Odotei Asumang
REP., NATIONAL PENSIONERS' ASSOCIATION

Dr. John Ofori-Tenkorang
DIRECTOR-GENERAL

Executive Team

Dr. John Ofori-Tenkorang
DIRECTOR-GENERAL

Mr. Michael Addotey Addo
DEPUTY DIRECTOR-GENERAL (ADMIN. & FINANCE)

Mr. Kofi Bosompem Osafo-Maafo
DEPUTY DIRECTOR-GENERAL (INVESTMENT & DEVELOPMENT)

Mrs. Laurette Otchere
DEPUTY DIRECTOR-GENERAL (OPERATIONS & BENEFITS)

Mr. Lord Senanu
GENERAL MANAGER, OPERATIONS
(Retired October 2017)

Mr. Kwasi Ampadu Kissi
GENERAL MANAGER, FINANCE

Mrs. Joyce Wereko-Ampim Opoku
AG., GENERAL MANAGER, ADMIN. & HR

Mr. Peter Hayibor
GENERAL MANAGER, GENERAL COUNSEL

Mr. Samuel Atuobi Twum
AG., GENERAL MANAGER, INVESTMENT & DEVELOPMENT

Mr. Andrews Anim-Boateng
AG., CHIEF INTERNAL AUDITOR

Mrs. Rosemary Sackey
GENERAL MANAGER, BENEFITS

Mr. Stephen Yeboah
CHIEF ACTUARY

Mr. Kwabena Osei Boaten
AG., GENERAL MANAGER, MIS

Ms. Evangeline Amegashie
CORPORATE AFFAIRS MANAGER
(Retired June 2017)

Mrs. Victoria G. Abaidoo
AG., CORPORATE AFFAIRS MANAGER
(From July 2017)

Mrs. Gifty Joan Annan
COMPANY SECRETARY

The Chairman's Report

I AM honoured and privileged to present the Annual Report and Audited Financial Statements of the Social Security and National Insurance Trust (also referred to as the Trust) for the year ended 31st December, 2017.

The year 2017 was an exceptional year for the Board of Trustees. On assumption of office in April 2017, the Board deployed various strategies including the conduct of a baseline audit into the operations of the Trust as well as value-for-money audits aimed at reducing investment costs. The Board also worked to improve fiscal discipline and prudence, accountability and transparency and professionalism while ensuring that the Trust achieved its strategic and operational targets as set forth in the 2015-2019 Medium-Term Strategic Plan.

The key focus of the Board of Trustees has been to ensure efficient and effective administration of all aspects of the Scheme. Particular emphasis was placed on increasing the membership of the Scheme and improving investment returns through diversification and prudent investment decisions; aimed at creating a balance between risk and return. Additionally, the Board aimed to minimise administrative costs by adopting strategies that addressed the challenges of the Trust at the time, as well as working to meet the targets that were documented in the Medium-Term Strategic Plan.

The following were achieved within the period:

Operational Performance

The Trust mobilised GH¢2,374.23 million which represents an increase of 28.41% over the GH¢1,848.96 million collected as contributions in 2016.

Through the effective deployment of compliance initiatives, active contributor membership of the Scheme increased by 6.41% from 1,353,610 in 2016 to 1,440,424 in 2017.

Investment Management

The total investment portfolio of the Trust increased by 18.04% from GH¢7,896.61 million in 2016 to GH¢9,321.45 million as of 31st December, 2017.

The Portfolio posted a Real Return on Investment (RROI) of positive 9.22% in 2017 and thereby outperformed the minimum Policy Benchmark of 4.25% by 4.97%.

Fund Reserve

The Fund Reserve increased by 16.98% from GH¢8,405.59 million in 2016 to GH¢9,833.27 million as of 31st December, 2017.

Conclusion

It is my belief that implementation of our Strategic Plan with emphasis on increasing the number of contributing members, timely collection of contributions, prudent investments and sound financial management will foster the growth of the Scheme.

The Board of Trustees remain committed to uphold high standards of governance in order to attain these objectives to the benefit of stakeholders.

Reflecting on the year 2017 and on the accomplishments described in this Annual Report, I would like to extend my gratitude to my fellow Trustees, Members of the Scheme, Employers, Pensioners, the National Pensions Regulator, Management and Staff for your steadfastness and contributions in diverse ways to build a robust Social Security Scheme.

I trust we all feel challenged and motivated to deliver sterling results in the coming year.

Thank you.

The Director - General's Report

Dear Members and Stakeholders, I am pleased to present an overview of the performance of the Social Security and National Insurance Trust (SSNIT) for the year 2017. The report covers performance in the following areas:

- Compliance;
- Benefits;
- Investments; and
- Macroeconomic Outlook for 2018.

1.0 Compliance

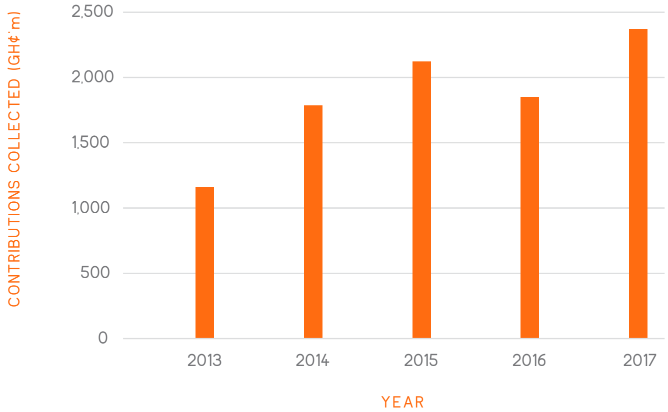
1.1 Contributions Collected

The Trust collected an amount of **GH¢2,374.23 million** as contributions, representing an increase of **28.41%** over the **GH¢1,848.96 million** collected as contributions in 2016. A 5-year trend of contributions collection is presented in Table 1 and Chart 1.

Table 1: 5-Year Trend of Contributions Collected

Year	Contributions Collected (GH¢'m)	% Change
2013	1,159.71	24.15
2014	1,784.43	53.87
2015	2,122.38	18.94
2016	1,848.96	(12.88)
2017	2,374.23	28.41

Chart 1: 5-Year Trend of Contributions Collected



1.2 Establishments Covered

The Trust covered a total of **58,745** establishments as of December 2017. This indicates an increase of **8.72%** over the 2016 figure of **54,033**. A 5-year trend of establishment coverage from 2013 to 2017 is presented in Table 2 and Chart 2. Table 3 and Chart 3 show establishment coverage by SSNIT Area Offices.

Table 2: 5-year Trend of Establishment Coverage

Year	2013	2014	2015	2016	2017
Establishments Covered	42,946	46,595	51,237	54,033	58,745
Growth (%)	5.61	8.50	9.96	5.46	8.72

Chart 2: 5-year Trend of Establishment Coverage

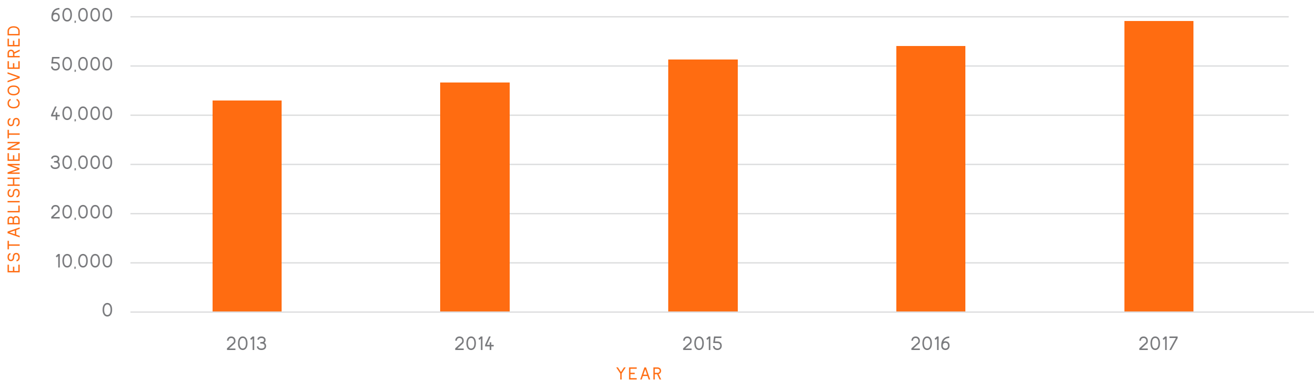
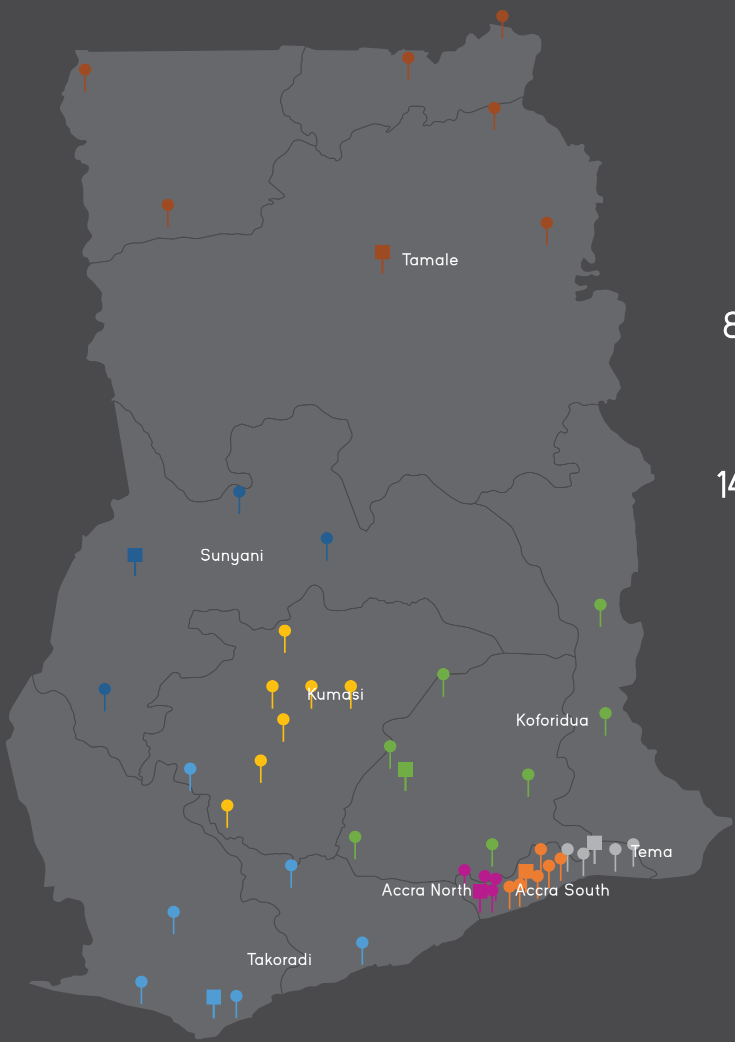
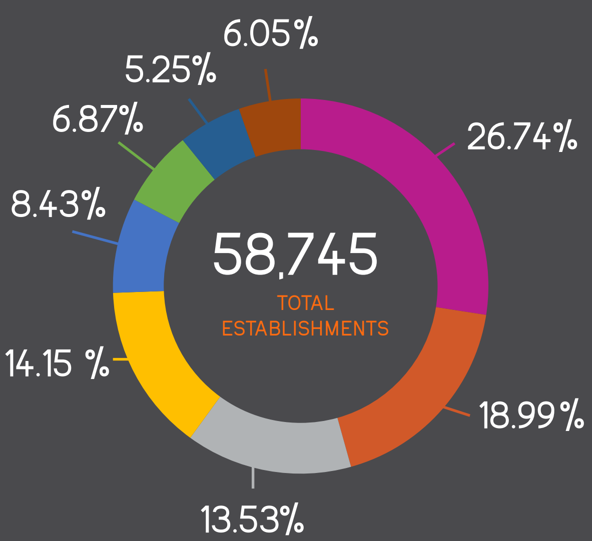


Table 3: Establishment Coverage by SSNIT Area Offices

Area Office	Regional Coverage	No. of Establishments	% of Total
Accra North	Greater Accra and parts of Central Region	15,710	26.74
Accra South	Greater Accra Region	11,154	18.99
Kumasi	Ashanti Region, Parts of Central and Western Regions	8,310	14.15
Tema	Parts of Greater Accra and Volta Regions	7,948	13.53
Takoradi	Parts of Western and Central Regions	4,951	8.43
Koforidua	Eastern and Parts of Volta Region	4,034	6.87
Tamale	Northern, Upper East & Upper West Regions	3,554	6.05
Sunyani	Brong-Ahafo Region	3,084	5.25
	TOTAL	58,745	100

Chart 3: Establishment Coverage by SSNIT Area Offices for 2017





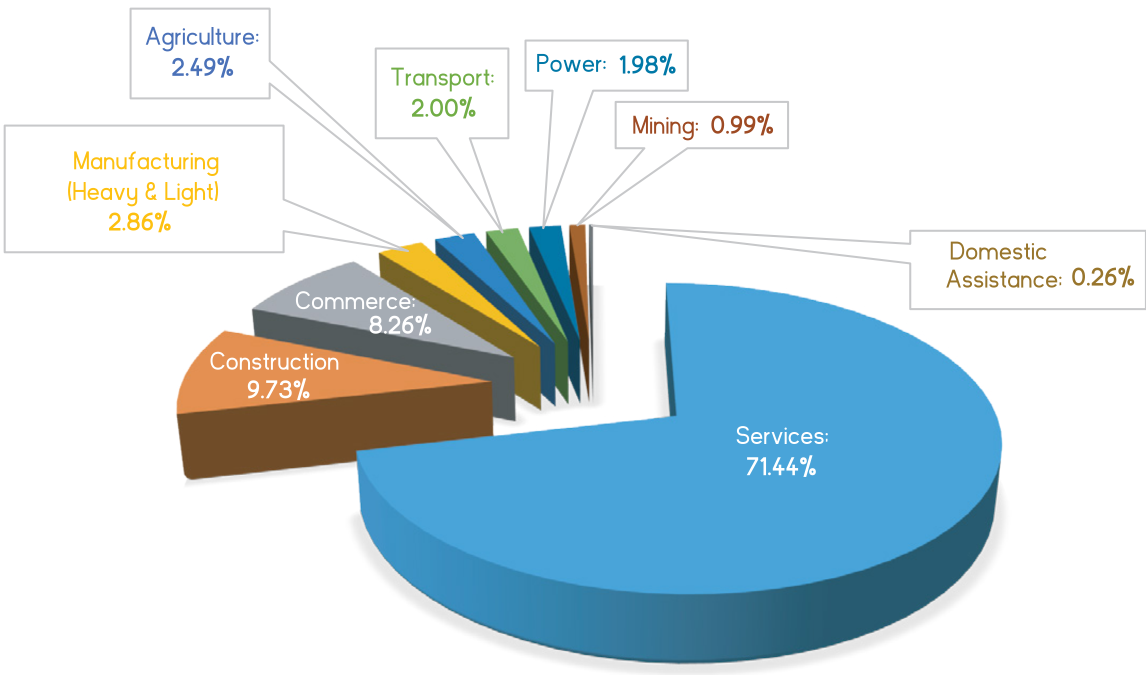
1.3 Economic Activity of Covered Establishments

Analysis of economic activity of establishments covered under the Scheme shows that **71.44%** of establishments were engaged in the Services Sector. Table 4 and Chart 4 show the various economic activities of covered establishments.

Table 4: Economic Activity of Covered Establishments

Economic Activity	Covered Establishments	% of Total
Services	41,967	**71.44**
Construction	5,716	**9.73**
Commerce	4,855	**8.26**
Manufacturing (Heavy & Light)	1,680	**2.86**
Agriculture	1,462	**2.49**
Transport	1,172	**2.00**
Power	1,161	**1.98**
Mining	580	**0.99**
Domestic Assistance	152	**0.26**
TOTAL	58,745	100

Chart 4: Pie-Chart showing Economic Activity of Covered Establishments



1.4 Registration of New Establishments and Workers

New Establishments Registered

A total of **11,567** new establishments were registered into the Scheme in 2017. This represents an increase of **55.76%** in new establishments registration over the **7,426** establishments registered in 2016. A 5-year trend of new establishments is shown in Table 5.

Table 5: 5-year Trend of New Establishments

Year	New Establishments Registered	
	No. of Establishments	% Change
2013	7,129	16.15
2014	5,097	(28.50)
2015	4,642	(8.93)
2016	7,426	59.97
2017	11,567	55.76

New Workers Registered

A total of **281,328** new workers were registered in 2017. New workers registered in 2017 increased over that of 2016 (i.e. **186,609)** by **50.76 %.** A 5-year trend of new workers registered is shown in Table 6.

Table 6: 5-year Trend of New Workers Registered

Year	New Workers Registered	
	No. of Workers	%Change
2013	187,109	15.97
2014	144,809	(22.61)
2015	188,183	29.95
2016	186,609	(0.84)
2017	281,328	50.76

1.5 Active Contributors

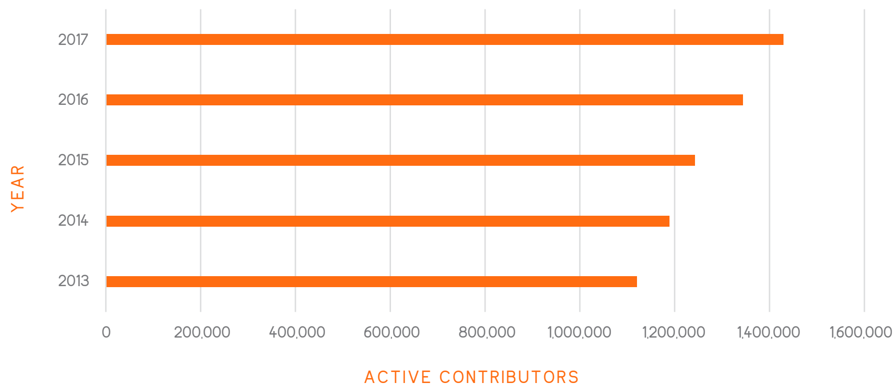
Active contributors at the end of 2017 stood at **1,440,424** representing an increase of **6.41%** over the **1,353,610** active contributors recorded in 2016. A 5-year trend of active contributors is shown in Table 7 and Chart 5.

Table 7:
5-year Trend of Active Contributors

Year	Active Contributors	% Change
2013	1,120,512	6.57
2014	1,189,168	6.13
2015	1,242,385	4.48
2016	1,353,610	8.95
2017	1,440,424	6.41

*Active Contributors are members of the Scheme on whose behalf contribution reports are processed at least once within the last 12 months.

Chart 5: 5-year Trend of Active Contributors



1.6 Active Contributors by Establishment Category

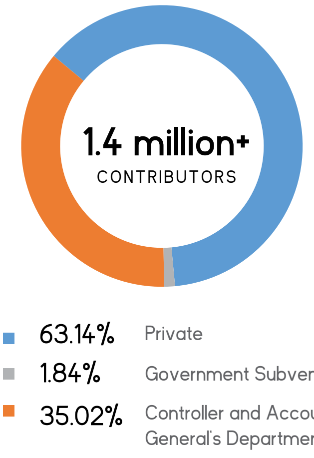
As of 2017, **63.14%** of the total number of Active Contributors came from the Private Sector, **35.02%** from Government Establishments on Controller and Accountant General's payroll and **1.84%** from Government Subvented Establishments.

Table 8 and Chart 6 show the distribution of active contributors by establishment category.

Table 8: Active Contributors by Establishment Category

Establishment Category	Active Contributors	% of Total
Private	909,515	63.14
Controller and Accountant General's Department	504,483	35.02
Government Subvented	26,426	1.84
Total	**1,440,424**	**100**

Chart 6: Active Contributors by Establishment Category



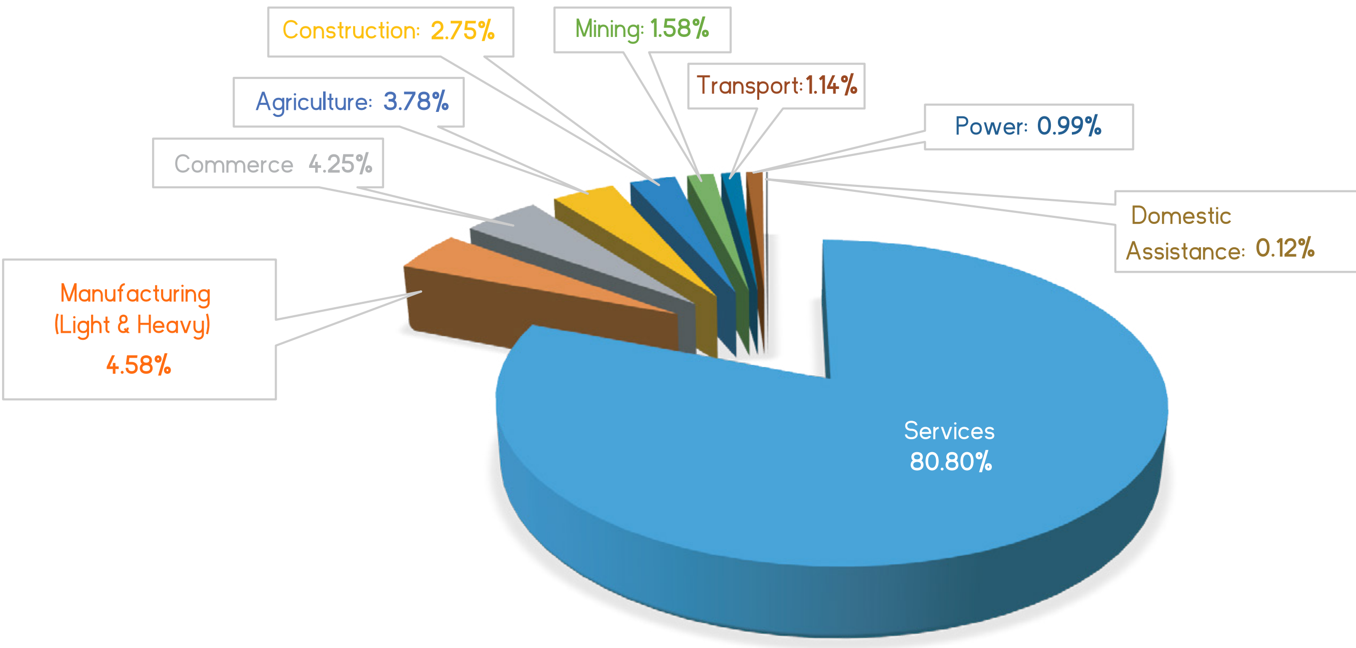
1.7 Economic Activity of Active Contributors

By economic activity however, **80.80%** of the total number of active contributors were engaged in the Services Sector. Table 9 and Chart 7 are graphic representations of active contributors by their respective economic activity.

Table 9: Economic Activity of Active Contributors

Economic Activity	Active Contributors	% of Total
Services	1,163,845	80.80
Manufacturing (Heavy & Light)	65,978	4.58
Commerce	61,266	4.25
Agriculture	54,507	3.78
Construction	39,550	2.75
Mining	22,829	1.58
Transport	16,377	1.14
Power	14,278	0.99
Domestic Assistance	1,794	0.12
Total	**1,440,424**	**100**

Chart 7: Economic Activity of Active Contributors



1.8 Establishment Indebtedness to the Scheme in 2017

Total establishment indebtedness to the Scheme at the end of 2017 stood at **GH¢1,093.64 million.** This indicates an increase of **GH¢452.89 million** representing **70.68%** over the 2016 figure of **GH¢640.75 million.** At the end of the year, Public Establishments accounted for **85.58%** of the total Establishment Indebtedness to the Scheme. A 5-year trend of establishment indebtedness to the Scheme is presented in Table 10.

Table 10: 5-year Trend of Establishment Indebtedness to the Scheme

Year	Private Establishments GH¢'m	Public Establishments GH¢'m	Total GH¢'m	% Change
2013	101.05	656.53	757.58	134.78
2014	85.86	1,156.10	1,241.96	63.94
2015	79.14	561.75	640.89	(48.40)
2016	71.46	569.29	640.75	(0.02)
2017	157.66	935.98	1,093.64	70.68

2.0 Benefits

2.1 Benefit Payments

An amount of **GH¢2,189.48 million** was paid as Social Security benefits in 2017. This represents an increase of **25.20%** over the 2016 amount of **GH¢1,748.83 million.** Of the 2017 total amount paid, **GH¢1,853.36 million** representing **84.65%** was paid as Pensions, whilst **GH¢336.12 million** which represents **15.35%** was paid as Lumpsums. Benefit payments from 2013 to 2017 are presented in Table 11.

Table 11: 5-year Trend of Benefits Payments

Year	Claim Type		Total Amount (Gh¢'m)	% Change
	Old Age/Invalidity Pension (Gh¢'m)	Lumpsums (Gh¢'m)		
2013	616.85	75.46	692.31	56.22
2014	839.63	101.64	941.27	35.96
2015	1,116.77	118.98	1,235.75	31.29
2016	1,458.39	290.44	1,748.83	41.52
2017	1,853.36	336.12	2,189.48	25.20

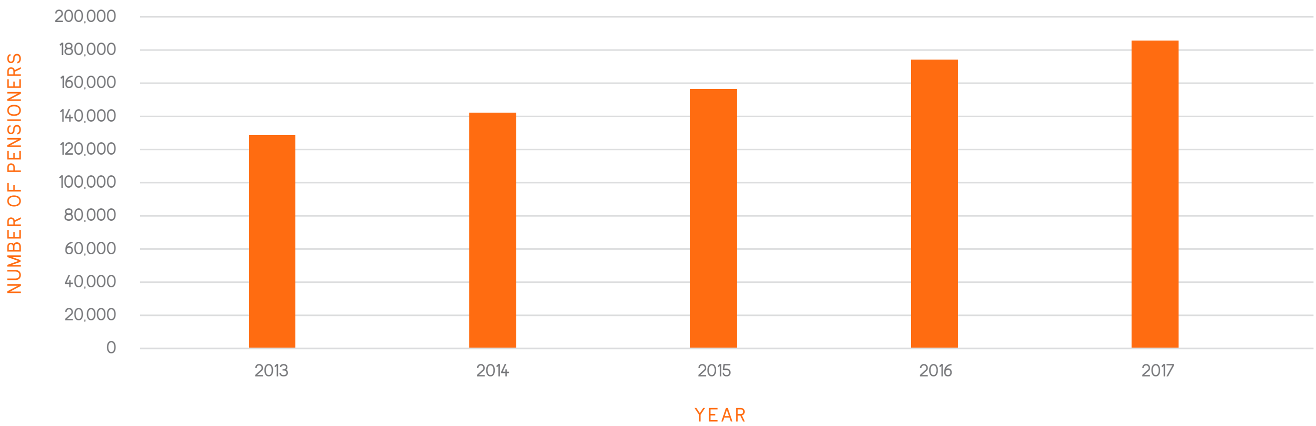
2.2 Number of Pensioners

At the end of 2017, the total number of Pensioners on the SSNIT Pension payroll stood at **189,549** representing an increase of **8.83%** over the **174,164** Pensioners on the Payroll as of December 2016. Pensioner population from 2013 to 2017 is represented in Table 12 and Chart 8.

Table 12: Number of Pensioners (2013 – 2017)

Year	2013	2014	2015	2016	2017
Number of Pensioners	128,504	142,076	156,262	174,164	189,549
% Change	7.69	10.56	9.98	11.46	8.83

Chart 8: 5-Year Trend of Pensioners



3.0 Investments

3.1 Investment Policy Objectives

Investment is one of the critical functions in the management of the Social Security Scheme. As a partially-funded Scheme, the Trust is challenged to maximize returns on investments to support benefits payment and meet the cost of administering the Scheme.

The Trust's Investment Policy objectives include the following:

- Implement an Optimal Asset Allocation Policy.
- Maintain a long-term Optimum Fund Ratio.
- Protect the principal assets of the Scheme and the value of those assets.
- Achieve a Real Return on Investments (RROI) of at least +4.25% per annum.
- Attract, train, and retain competent investment professionals.

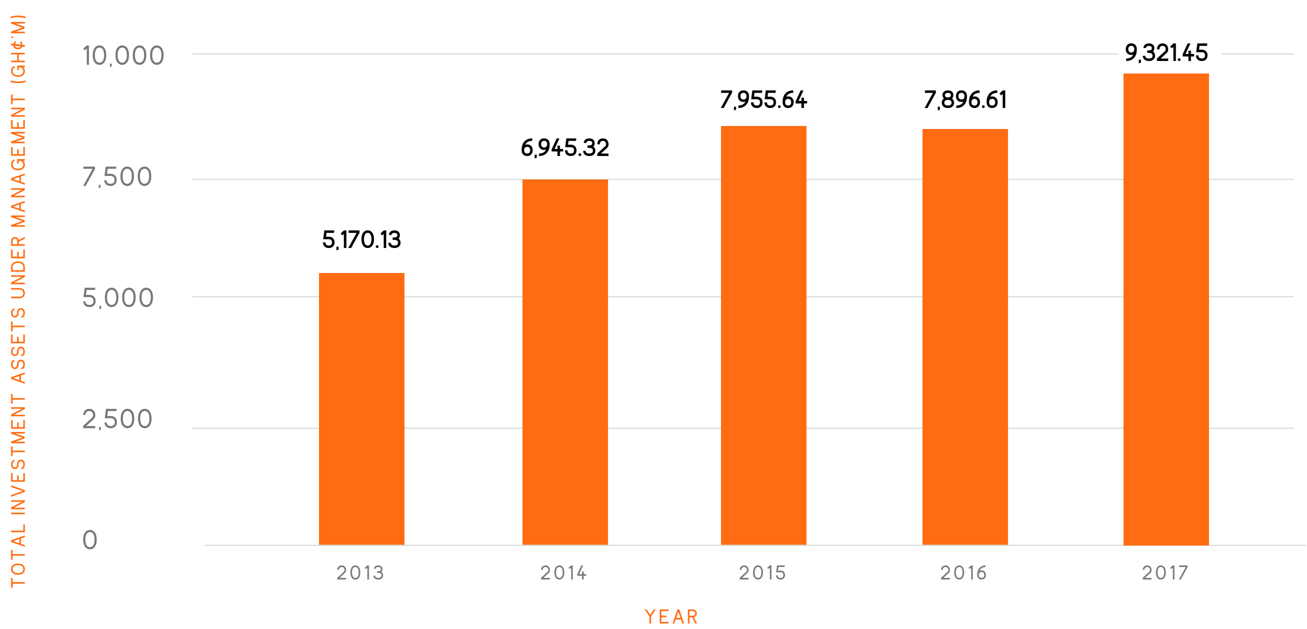
In achieving the investment objectives, the Trust continues to be guided by the following basic principles that govern the investment of Social Security Funds:

- Safety
- Yield
- Liquidity
- Diversification
- Social/Economic Utility.

3.2 Investment Assets Under Management

The total investment portfolio of the Trust as of 31st December, 2017 increased by **18.04%,** from **GH¢7,896.61 million** in 2016 to **GH¢9,321.45 million.** Over the past five years, the Trust's Investment Portfolio has grown by **80.29%,** from **GH¢5,170.13 million** in 2013 to **GH¢9,321.45 million** in 2017, representing a compounded annual growth of **15.88%** over the period.

Chart 9: Total Investment Assets Under Management (GH¢ Million) from 2013 to 2017



3.3 Composition of the Trust's Investment Portfolio

The Trust's Investment Portfolio comprises: Investment Properties, Investment Available for Sale, Investments Held to Maturity, Loans and Receivables, and Student Loans. The composition of the Investment Portfolio for 2016 and 2017 are presented in Table 13 and Chart 10.

Table 13: Investment Portfolio Structure – 2016/2017

Investment Assets	Percentage of Portfolio	
	2017	2016
Investment Properties	21.34	20.18
Investment Available for Sale	46.49	44.73
Investment Held to Maturity	21.34	22.46
Loans and Receivables	10.42	12.16
Student Loans	0.41	0.47
Total	100	100

This structure translates into three main Asset Classes per the Trust's Asset Allocation Policy namely; Equities, Fixed Income and Alternative Investments as presented in Table 14.

Chart 10: Investment Portfolio Structure – 2016/2017

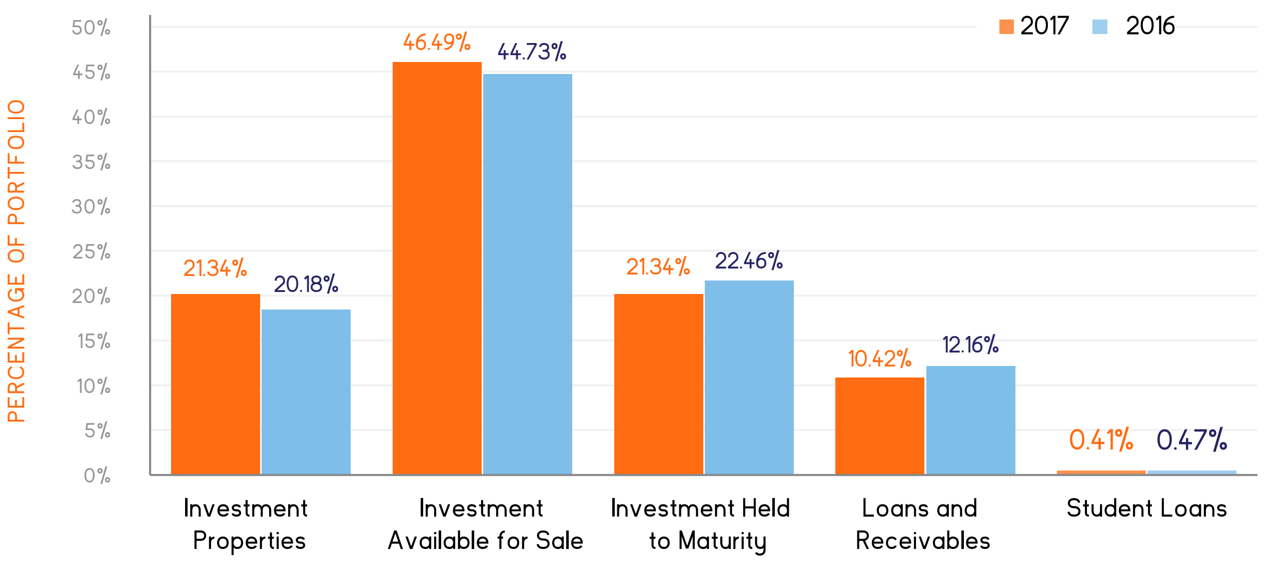


Table 14: Investment Portfolio by Asset Class – 2016/2017

Assets Class	Percentage of Portfolio	
	2017	2016
Equities	42.86	41.16
Fixed Income	32.17	35.08
Alternative Investments	24.97	23.76
Total	100	100

The Asset Allocation Policy classification guides all our investment strategies and activities. It also assists in the management and evaluation of the risks and returns of our investment decisions.

3.4 Portfolio Performance

Gross investment income for the year 2017 was **GH¢603.33 million.** This represents a decrease of **33.27%** compared to the 2016 figure of **GH¢904.14 million.** The nominal return for the year was **22.74%** compared to the prior year nominal return of **10.55%.**

A summary of the performance of the Investment Portfolio for 2016/2017 is represented in Table 15.

Table 15: Investment Portfolio Performance - 2016/2017

Return On Investment (ROI)	2017	2016
Nominal Return	22.74%	10.55%
Average Inflation	12.38%	17.52%
Real Return (Actual)	9.22%	-5.93%
Real Return (Target)	4.25%	4.25%
Excess Return	4.97%	-10.18%

The Portfolio posted a Real Return on Investment (RROI) of positive **9.22%** in 2017; outperforming the minimum Policy Benchmark of **4.25%** by **4.97%** compared with the 2016 RROI of negative **5.93%,** which underperformed the policy benchmark by **10.18%.**

The impressive performance of the Ghana Stock Exchange after two consecutive years of decline in 2015 and 2016, impacted positively on the stocks held in the SSNIT Stock Market Portfolio. The real estate and fixed income portfolios also posted positive returns resulting in value added returns from all asset classes. Additionally, the overall gain for 2017 which was higher than that for 2016, was impacted by the relatively lower average inflation rate of 12.38%, compared to the average rate of 17.52% recorded in 2016.

3.5 Trend of Portfolio Returns

The three, five and ten-year geometric mean returns of the Trust's Investments presented in Table 16 represent the short, medium and long-term performances of the Investment Portfolio. The Portfolio's RROI outperformed the minimum Policy Benchmark of positive 4.25% as indicated by the medium and long-term performances.

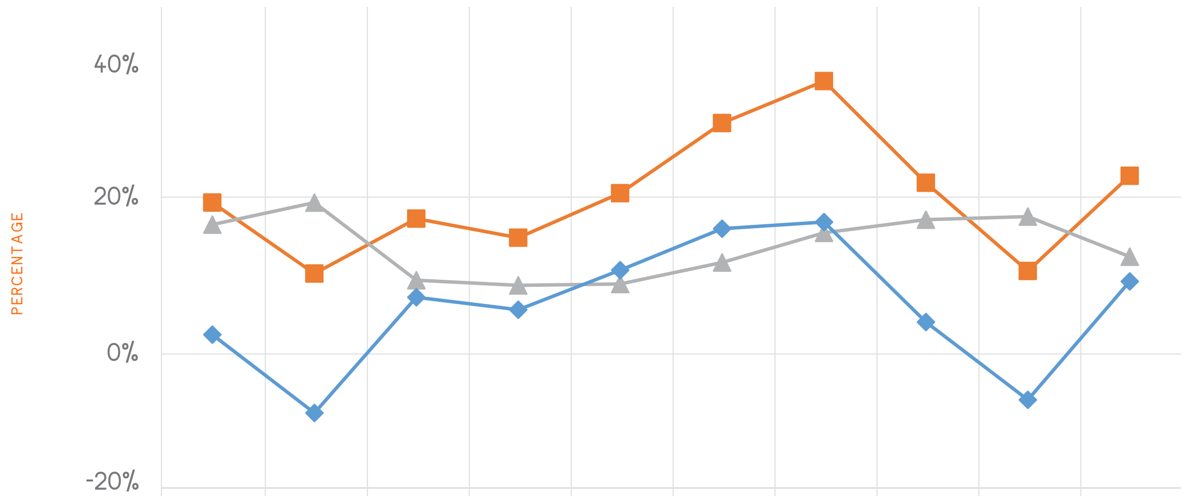
Table 16: Investment Portfolio Performance – Mean Portfolio Returns

Return on Investment (ROI)	**3-Year Mean** (2015 - 2017)	**5-Year Mean (2013- 2017)**	**10-Year Mean (2008 - 2017)**
Nominal Return (%)	(18.24)	23.62	19.93
Average Inflation (%)	15.65	14.80	13.46
Real Return (%)	2.24	7.68	5.55

According to the 2014 external actuarial valuation of the Scheme, at **4.25%** RROI, the Fund could be sustained till the year 2044 and at **1.25%** RROI, till the year 2041.

The trend of the Portfolio's performance over the 10-year period (2008 to 2017) is presented in Chart 11.

Chart 11: Investment Portfolio Performance from 2008 to 2017



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Nominal return	19.30%	10.23%	17.25%	14.81%	20.50%	29.48%	34.86%	21.84%	10.55%	22.74%
Average Inflation	16.50%	19.30%	9.38%	8.73%	8.89%	11.65%	15.45%	17.13%	17.52%	12.38%
Real Return	2.40%	-7.60%	7.20%	5.59%	10.67%	15.97%	16.81%	4.02%	-5.93%	9.22%

3.6 Economic Developments & Macroeconomic Outlook for 2018

3.6.1 Global

The cyclical upswing underway since mid-2016 continued to strengthen through 2017 as the recovery in investment, manufacturing and trade continued. Financial market sentiment during the period was also strong, with continued gains in equity markets in both advanced and emerging market economies. This was sustained by generally favourable expectations regarding earnings prospects, gradual normalization of monetary policy, low expected volatility in underlying fundamentals, and improved performance of the commodities market.

The global growth outcome for the year 2017 was estimated at 3.7% (IMF World Economic Outlook, January 2018), up 0.1% from the October 2017 forecast of 3.6%. Upside growth surprises were particularly pronounced in Europe and Asia, but generally broad based, with outturns for advanced and emerging markets as well as developing economy groups contributing to the 0.1% growth margin.

The growth momentum in 2017 is expected to carry into 2018 and 2019, with global growth revised up to 3.9% for both years, that is, 0.2% higher relative to the October 2017 forecast. The upward revisions reflect expectations that favourable global financial conditions and strong sentiments will help maintain the recent acceleration in demand, especially in investment, with noticeable impact on growth in economies with large exports. In addition, the U.S. tax reform and associated fiscal stimulus are expected to temporarily raise U.S. growth, with favourable demand spillovers for U.S. trading partners. Nonetheless, targeted restrictive U.S. trade policies may upset global trade.

3.6.2 Domestic

On the domestic front, the economy experienced a momentous growth turnaround in 2017 compared to the subdued growth in the prior year, largely driven by exports, construction and credit to the private sector. Economic activity remained robust with positive developments for growth due to improvements in macroeconomic fundamentals, continued stability in the foreign exchange market, rebound of business and consumer sentiments and pro-growth government initiatives. Prices of Ghana's three major commodity exports recorded mixed developments in the course of 2017. Crude oil prices gained on the back of strong demand, with gold prices also performing better than anticipated. Cocoa prices however, were generally depressed during the year 2017 on account of excess supply across the West African sub-region.

Macroeconomic fundamentals trended favourably, in keeping with the positive economic sentiments. Key upticks during the year were the exceptional performance of industry (particularly, the mining and quarry sub-sector), and the agricultural sector. Overall, the domestic economy expanded by 8.1% in 2017 (2016: 3.4%), the fastest rate in five years as oil and gas production surged. It is anticipated that, increased oil production coupled with the favourable court ruling in Ghana's maritime dispute with the Côte d'Ivoire, will likely spur activity in the oil and gas sector and boost growth further in the year 2018.

3.6.2.1 Inflation

Headline inflation trended downwards to 11.8% by the end of December 2017, from 15.4% in December 2016, as both food and non-food component inflation declined, with food inflation falling from 9.7% to 8.0% in the one year, while non-food inflation fell from 18.2% to 13.6%. On average, an inflation rate of 12.4% was recorded for the year 2017 compared to an average inflation rate of 17.5% in 2016.

The disinflation process was mainly driven by the tight monetary policy stance maintained throughout the year, relative foreign exchange rate stability and base drift effects. Underlying inflationary pressures were similarly contained as the Central Bank's measures of core inflation showed a general easing.

Given favourable consumer and business sentiments, it is expected that the inflation rate will decline further in the year 2018, inching closer towards the upper limit of the Central Bank's target band of 8±2%, barring any unanticipated shocks.

3.6.2.2 Monetary Policy Rate

The Monetary Policy Rate recorded a cumulative reduction of 550 basis points to close the year 2017 at

20.0%, from 25.5% in December 2016. The reductions were influenced by the considerable improvements in macroeconomic fundamentals and dampening inflationary pressures, as well as renewed investor sentiments and the generally favourable economic/growth outlook.

Going forward, it is expected that the Monetary Policy Rate would be relaxed to spur growth, given reduced risks to inflation as inflationary expectations and stability in the exchange rate market seemingly improve.

3.6.2.3 Exchange Rate

The Ghana Cedi largely depreciated against its major trading currencies (the US Dollar, the Euro and the Pound Sterling) for most part of the year 2017. On average, the Cedi was priced at GH¢4.4 to the US Dollar, GH¢4.9 to the Euro and GH¢5.6 to the Pound Sterling in the year 2017, compared to GH¢3.9, GH¢4.3 and GH¢5.3 to the US Dollar, Euro and Pound Sterling respectively, in the year 2016. The pressure on the Cedi is expected to continue into 2018 but with less volatility, as the Central Bank reviews measures to improve stability of the local currency.

3.6.2.4 Money Market Rates

Interest Rates on Treasury bills broadly declined during the year 2017, with rates on the 91-day Treasury bill, the 182-day Treasury bill and the 1-Year Note falling from 16.2%, 17.4% and 19.5% respectively in January, to 13.3%, 13.8% and 15.0% in December 2017. The declining trend suggests modest borrowing by the Government from the domestic market, paving way for more private sector borrowing.

Money market instruments are expected to be fairly stable in the coming year, 2018, given the steady decline in government's borrowing from the domestic market, freeing up credit to the private sector to drive growth.

3.6.2.5 Ghana Stock Exchange (GSE)

The Ghana Stock Exchange recorded a stellar performance during the year 2017, with the Composite Index (GSE-CI) increasing from 1,689.1 points in December 2016 to 2,579.70 points in December 2017, indicating a year-to-date gain of 52.7%. The Financial Stocks Index (GSE-FSI) also ended December 2017 at 2,310.60 points from 1,510.97 points in December 2016, representing a gain of 52.9%. Total market capitalization reached GH¢58,803.96 million as of December 2017, from GH¢52,690.99 million in December 2016, reflecting a net gain in prices of stocks on the market, especially, of companies in the financial sector.

The market did not attract any new equity listings in 2017 but is hopeful of welcoming some new entrants in the year 2018. The market is also expected to post stronger results as operational performance of companies improve given the favourable macroeconomic conditions.

3.7 SSNIT Investment Governance

A key governance instrument for the Trust's investments has been the implementation of a Board - approved Asset Allocation Policy and Investment Guidelines. The Board of Trustees' approved a new Asset Allocation Policy for the Trust in September 2016 with full implementation thereafter. The portfolio is expected to be rebalanced in line with the Asset Allocation Policy. The Trust's Investment Policy and Guidelines which was under review in 2017 is expected to be presented to the Board of Trustees for consideration and approval. The policy document will guide the Trust and ensure prudent investments going forward to achieve desired risk/return objectives and match assets and liabilities in line with the provisions of the Pensions Laws, Act 766 and Act 883.

This structured approach to investment risk management with the implementation of the Asset Allocation Policy, is to improve performance of the portfolio in terms of nominal returns.

4.0 Conclusion

The Trust's investment portfolio focused mainly on real estate sector investments during the year under review. Investments in this sector was the highest and constituted 33.0% or GH¢3,064 million of the total investment portfolio. Notable among the ongoing projects are the Government of Ghana affordable housing projects at Borteyman and Asokore-Mampong as well as other Joint Venture (JV) and Corporate Social Responsibility projects.

The Trust resolved to rebalance its investment portfolio and reduce its exposure to the real estate sector going forward. Aggressive and effective marketing strategies are expected by the JV companies in collaboration with SSNIT as the majority shareholder in all of these JV projects, to sell the completed residential units at competitive prices. This is expected to improve the Trust's liquidity position and the performance of its investment portfolio.

Equity Holding in Companies

Listed Companies

FINANCE/INSURANCE	
1	CAL BANK LIMITED
2	ECOBANK GHANA LIMITED
3	ECOBANK TRANSNATIONAL INCORPORATED
4	ENTERPRISE GROUP LIMITED
5	GCB BANK LIMITED
6	HFC BANK GHANA LIMITED
7	SOCIETE GENERALE GHANA LIMITED
8	SIC LIMITED
9	STANDARD CHARTERED BANK GHANA LIMITED

BREWERY/ PHARMACEUTICALS	
1	AYRTON DRUGS MANUFACTURING LIMITED
2	FANMILK LIMITED
3	GUINNESS GHANA BREWERIES LIMITED

MANUFACTURING /TRADING	
1	ALUWORKS LIMITED
2	UNILEVER GHANA LIMITED

AGRIC/AGRO PROCESSING	
1	BENSO OIL PALM PLANTATION LIMITED
2	COCOA PROCESSING COMPANY LIMITED
3	GOLDEN WEB COMPANY LIMITED
4	PRODUCE BUYING COMPANY LIMITED

METALS/OIL	
1	ANGLOGOLD ASHANTI
2	GHANA OIL COMPANY LIMITED
3	TOTAL PETROLEUM GHANA LIMITED
4	TULLOW GHANA LIMITED

Unlisted Companies

BANKING/FINANCE HOUSES	
1	CDH FINANCIAL HOLDINGS LIMITED
2	CONSUMER FINANCE COMPANY
3	FIDELITY BANK LIMITED
4	GHANA INTERNATIONAL BANK PLC
5	UNIVERSAL MERCHANT BANK GHANA LIMITED
6	NATIONAL TRUST HOLDING COMPANY LIMITED

MANUFACTURING/ENERGY	
1	BESSBLOCK CONCRETE PRODUCTS LIMITED
2	FOS ALUMINIUM LIMITED
3	TEMA LUBE OIL COMPANY LIMITED
4	SENTUO STEEL LIMITED
5	CENIT ENERGY LIMITED

REAL ESTATE	
1	BROLL GHANA LIMITED
2	GULF CONSOLIDATED LIMITED
3	GHANA HOSTELS LIMITED
4	CCL PROPERTIES MANAGEMENT LIMITED
5	WEST HILLS MALL LIMITED

HOSPITALITY/SERVICES	
1	ACCRA CITY HOTELS LIMITED
2	GOLDEN BEACH HOTELS LIMITED
3	GRAND REGENCY HOTEL
4	HOTEL INVESTMENTS GHANA LIMITED
5	INTERCITY STC COACHES LIMITED
6	MMC PROPERTY MANAGEMENT LIMITED
7	SIMNET GHANA LIMITED
8	TRUST LODGE
9	TRUST LOGISTICS
10	TRUST HOSPITAL LIMITED
11	AFRICA WORLD AIRLINES
12	OGUAA HOTELS LIMITED
13	SSNIT GUEST HOUSE

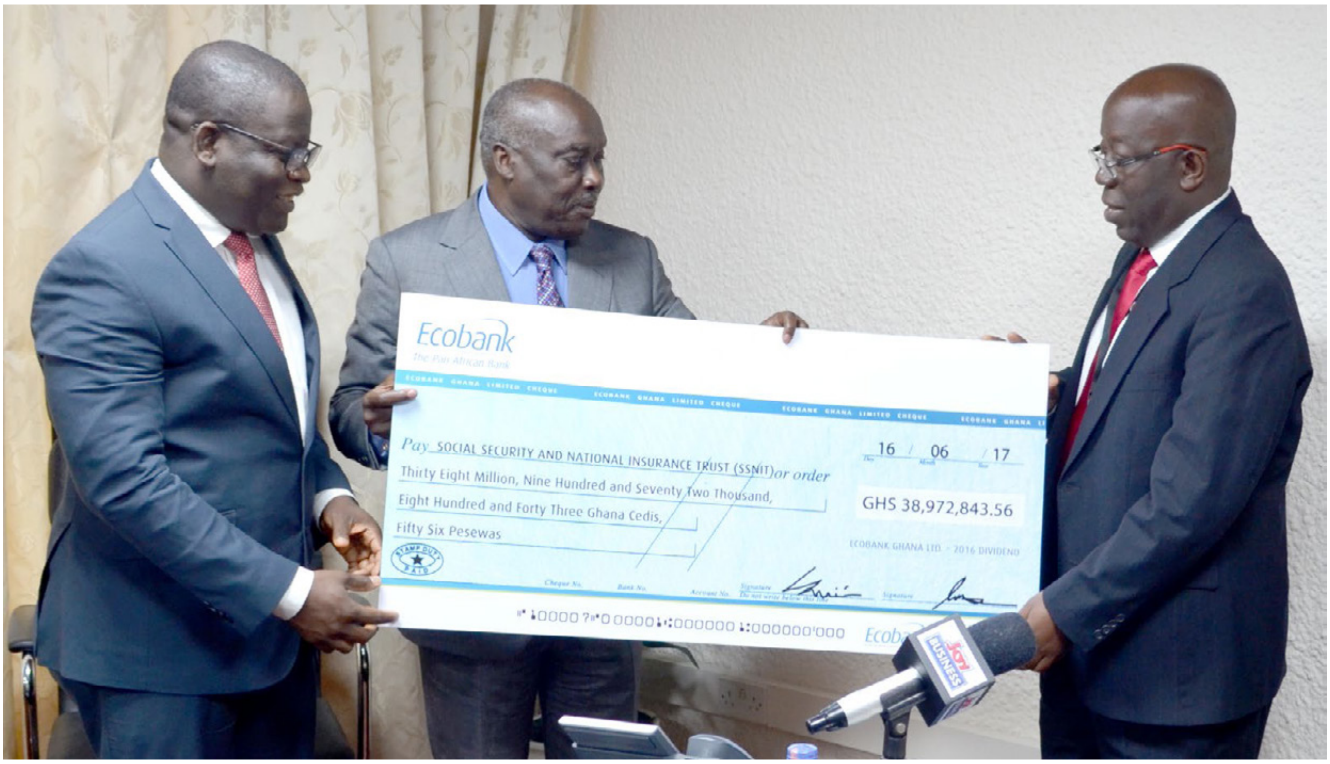
UNDER RESTRUCTURING	
1	GRANITE AND MARBLES COMPANY LIMITED
2	SUBRI INDUSTRIAL PLANTATION LIMITED

OUT OF OPERATION - SSNIT EITHER EXITING OR ABOUT TO EXIT	
1	BMK PARTICLE BOARD LIMITED
2	BRIDAL TRUST INTERNATIONAL PAINTS COMPANY LIMITED
3	DANNEX LIMITED
4	NINGO SALT LIMITED

WORK IN PROGRESS	
1	RSS DEVELOPERS LIMITED
2	SWITCHBACK DEVELOPERS LIMITED
3	TRUST F-LINE PROPERTIES LIMITED
4	WEST HILLS RIDGE COMPANY LIMITED
5	TRUST SPORTS EMPORIUM LIMITED
6	TRUST SALAGA MARKET LIMITED

PRIVATE EQUITY FUNDS	
1	CANADA INVESTMENT FUND FOR AFRICA LP (CIFA)
2	EMERGING CAPITAL PARTNERS FUND III PCC (ECP III)
3	FIDELITY EQUITY FUND II (FEF II)
4	PAN AFRICAN INFRASTRUCTURE DEVELOPMENT FUND (PAIDF)
5	WHOLESALE MICROFINANCE FACILITY

ECONOMICALLY TARGETED INVESTMENTS	
1	ACCRA ABATTOIR COMPANY LIMTED
2	EXIMGUARANTY COMPANY GHANA LIMITED
3	GHANA INDUSTRIAL AND COMMERCIAL ESTATES LIMITED
4	METRO MASS TRANSIT LIMITED
5	KUMASI ABATTOIR COMPANY LIMITED



Dr John Ofori-Tenkorang receiving a dummy cheque for GH¢ 38,972,843.56 as 2016 dividend from the Board Chairman of Ecobank Ghana, Mr Terence Darko (second-left). Looking on is the Managing Director of Ecobank Ghana, Mr Daniel Kwei-Kumah Sackey

Be confident about your future

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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 31st December, 2017.

1.0 The Trust and the Scheme

The Trust

The Social Security and National Insurance Trust manages and operates the Basic National Social Security 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 payment of contributions into the Fund, the payment of benefits and the management of the assets of the Scheme.

The Scheme

The Basic National Social Security Scheme is the first of a 3-tier Pension Scheme established by the National Pensions Act, 2008 (Act 766).

The other tiers are:

Tier 2 - A mandatory fully-funded and privately-managed Occupational Scheme.

Tier 3 - A voluntary fully-funded and privately-managed Provident Fund and Personal Pension Plan.

The Basic National Social Security Scheme is a defined-benefit Social Insurance Scheme under which members contribute during their working life and receive a monthly pension in the event of Old age, Invalidity; or in the case of Death, the members' dependants receive a Survivors' Lump Sum Benefit.

An Emigraton Benefit (lump sum benefit) is paid to a non-Ghanaian member of the Scheme who satisfies the Trust that he or she is emigrating or has emigrated permanently from Ghana.

Contributions and Other Features

- The worker contributes 5.5% of monthly basic salary.
- The employer contributes 13% of the worker's monthly basic salary.
- The minimum contribution is 18.5% of the monthly equivalent of the approved national minimum daily wage.
    - 2.5% is transferred to the National Health Insurance Scheme for provision of medical insurance.
    - 5% is paid to Tier 2.
    - SSNIT effectively withholds 11% for the administration of Tier 1.
- The minimum contribution period is 180 months (15 years) in aggregate.

- The minimum age at which a person may join the Basic National Social Security Scheme is 15 years and the maximum is 45 years.
- A fifteen-year annuity period is guaranteed. Pensions are paid monthly to qualified members.
- The Pension benefits are earnings related and based on a formula prescribed in the law governing the Scheme. Other factors which affect the level of benefits are the age at which members apply for old age pension and also how long a member has contributed to the Scheme.
- The Pension paid will fall between 37.5% and 60% of the average of three best years' salary depending on how long a member has contributed to the Scheme by age 60 under Act 766. Under PNDCL 247, the Pension paid falls between 50% and 80% of the average of three best years' salary depending on how long a member has contributed to the Scheme by age 60.
- Those unable to contribute up to the minimum 180 months under Act 766 or 240 months under Act 247, receive a return of their contributions accumulated at a prescribed interest rate.
- A member can opt for early retirement between ages 55 and 59 and receive a reduced pension.
- Pensions are reviewed annually based on the changes in the average wage of contributing members and other economic indicators.
- Pensioners of the Scheme, made up of those on old age and invalidity pension, receive monthly benefits through their bank accounts.

Benefits

OLD AGE RETIREMENT PENSION	Old Age Pension is paid monthly to a retired member of the Scheme. The member who retires at age 60, which is the compulsory retirement age, and has contributed for not less than 180 or 240 months in aggregate depending on the Scheme the member belongs, is entitled to a full pension. However a member who retires voluntarily on attaining the age of 55 years and above, is entitled to a reduced pension.
INVALIDITY PENSION	Invalidity Pension is paid monthly to a member who is totally incapable of earning a living through working. The member must have contributed for 12 months within the last 36 months preceding the incidence of the invalidity.
SURVIVORS' LUMP SUM BENEFIT	Survivors' Lump Sum Benefit is paid in a lump sum to the nominated dependants of a member upon his/her death. This could happen when the member dies whilst in service or during retirement but not after age 75 years.

The nature of your job should never stop you

Whether you are in the formal or informal sector, you can register for the SSNIT Scheme.

Keep contributing to the SSNIT Scheme and enjoy the benefits tomrrow.

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2.0 Statement of Trustees' Responsibility

The Trustees are responsible for the preparation of the financial statements for each financial year that give a 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. The Trustees believe in full disclosure and therefore adopt standard accounting practices (International Financial Reporting Standards) and ensure adequate internal controls to facilitate reliability of the financial statements.

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.

Minister of Finance, Hon. Ken Ofori-Atta (middle, in white)

Minister of Finance, Hon. Ken Ofori-Atta (right) swearing the SSNIT Board of Trustees into office

with the SSNIT Board of Trustees after their inauguration

3.0 Corporate Governance

The Trust acknowledges the importance of and is committed to the principles of good corporate governance which include transparency and accountability.

The Board of Trustees is responsible for ensuring that the highest standards of corporate governance are achieved in directing and controlling the Trust's business.

The Board is assisted in the discharge of its duties by the undermentioned sub-committees which meet frequently in-between Board meetings.

Finance & Investment Committee

This Committee reviews, advises and makes recommendations to the Board on financial accounting and treasury policies, corporate plans and budgets and financial operations of the Trust.

It also advises and makes recommendations on major transactions, major acquisitions, divestments and property development.

The Finance and Investment Committee is made up of the following members:

Hon. (Mrs.) Abena Osei-Asare	Chairperson
Mr. Prince William Ankrah	Member
Mr. David Ofori Acheampong	Member
Mr. Daniel Acheampong	Member
Mr. Benjamin Asumang	Member
Dr. John Ofori-Tenkorang (Director-General)	Member

Audit Committee

This Committee provides oversight of risk management activities, audit processes and reviews audit reports and the Trust's risk portfolio.

It evaluates the integrity of the financial management system and accuracy of the Trust's financial reports, as derived from policies, guidelines and established procedures and makes recommendations to the Board.

Other functions of the Committee are to co-ordinate, monitor and facilitate compliance with existing laws, rules and regulations.

The Audit Committee is made up of the following members:

Mr. Benjamin Asumang	Chairperson
Mr. Alex Frimpong	Member
Mr. David Ofori Acheampong	Member
Naba (Alhaji) M. A. Azonko	Member
Dr. John Ofori-Tenkorang (Director-General)	Member

Administration, Welfare & Legal Committee

This Committee evaluates Human Resources policies, reviews remuneration systems and considers issues relating to discipline of senior management personnel.

It reviews policies for the acquisition, maintenance, security and disposal of physical assets of the Trust. Further, it evaluates and makes proposals to the Board on key legal strategies required to be taken .

The Administration, Welfare and Legal Committee is made up of the following members:

Mr. Alex Frimpong	Chairman
Naba (Alhaji) M. A. Azonko	Member
COP (Mrs.) Beatrice Vib-Sanziri	Member
Mr. Joshua Ansah	Member
Dr. John Ofori-Tenkorang (Director-General)	Member

Technical & Operations Committee

This Committee evaluates and makes recommendations to the Board on policies for ensuring the solvency of the Social Security Scheme.

It also develops policies and guidelines for assessment of benefits adequacy, service delivery improvement initiatives and strategies for expansion of the Scheme.

The Technical and Operations Committee is made up of the following members:

Mr. Prince William Ankrah	Chairman
Mr. David Ofori Acheampong	Member
Mr. Joshua Ansah	Member
COP (Mrs.) Beatrice Vib-Sanziri	Member
Dr. John Ofori-Tenkorang (Director-General)	Member

The Committees met regularly and submitted appropriate reports to the Board of Trustees.

4.0 Membership of the Scheme

	2017	2016
Membership at 1st January	2,023,183	1,862,680
New members	205,221	186,609
	2,228,404	2,049,289
Exits from the Scheme	(87,725)	(26,106)
Membership as of 31st December	2,140,679	2,023,183

The above represents the registered membership of the Scheme. The active membership, however stood at 1,440,424 (2016 - 1,353,610) as of 31st December, 2017.

5.0 Pensioners

During the year, the number of pensioners increased from **174,164** to **189,549**

6.0 Actuarial Valuation

It is the policy of the Trust to arrange for an external actuarial valuation of the Scheme every three years. The latest actuarial review of the Scheme as of 31st December, 2014, concluded that, the SSNIT Scheme is not financially sustainable over the period covered by the projections from 2014 to 2064. The 2017 Actuarial Valuation is ongoing.

7.0 Financing

The Basic National Social Security Scheme which the Trust manages is a defined-benefit, partially- funded scheme and uses a scaled-premium method of financing.

It is financed through the combined contributions of employees and employers as well as investment income.

The scaled-premium financing method used allows for substantial growth of reserves before equilibrium is reached after a specified time when liabilities exceed assets. Contributions are not priced to market (that is, fully funded), and as such it is referred to as a partially-funded scheme.

A signficant portion of the benefits are derived from investment income. The choice of scaled-premium and the accumulation of reserves that such a choice permits, helps to minimize unfunded liablities thereby reducing the necessary intergenerational transfers common to schemes that use the pay-as-you-go financing method.

The Basic National Pensions Scheme uses a reduced contribution rate of 11.0% to finance benefits payment. This has resulted in a reduction of the investable funds needed to grow the Scheme's reserves and will therefore reduce the equilibrium period.

8.0 Investments

The Trust is the only legally authorised institution to operate a Basic National Social Security Scheme in Ghana and consequently has the responsibility, amongst others, for investing the Scheme's resources in order to fulfil 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 based and structured into short, medium and long-term investments. The main categories of the investments are Government instruments, bonds, equities, residential and commercial properties, loans and short-term cash deposits.

Ridge Royal Hotel at Cape Coast, a SSNIT investment

	2017		2016	
	Portfolio	Rate of Return	Portfolio	Rate of Return
	%	%	%	%
Investment properties	**21.34**	**22.97**	20.18	3.37
Available for sale	**46.49**	**27.42**	44.73	2.10
Held to maturity	**21.34**	**18.68**	22.46	34.06
Loans and receivables	**10.42**	**10.15**	12.16	10.03
Student loans	**0.41**	**11.55**	0.47	12.18
	100.00		100.00	

Investment Properties
These are long-term investments and carried at market values determined periodically. Investment properties are not subject to depreciation.

Available for Sale
This relates to investment in listed and unlisted equities.

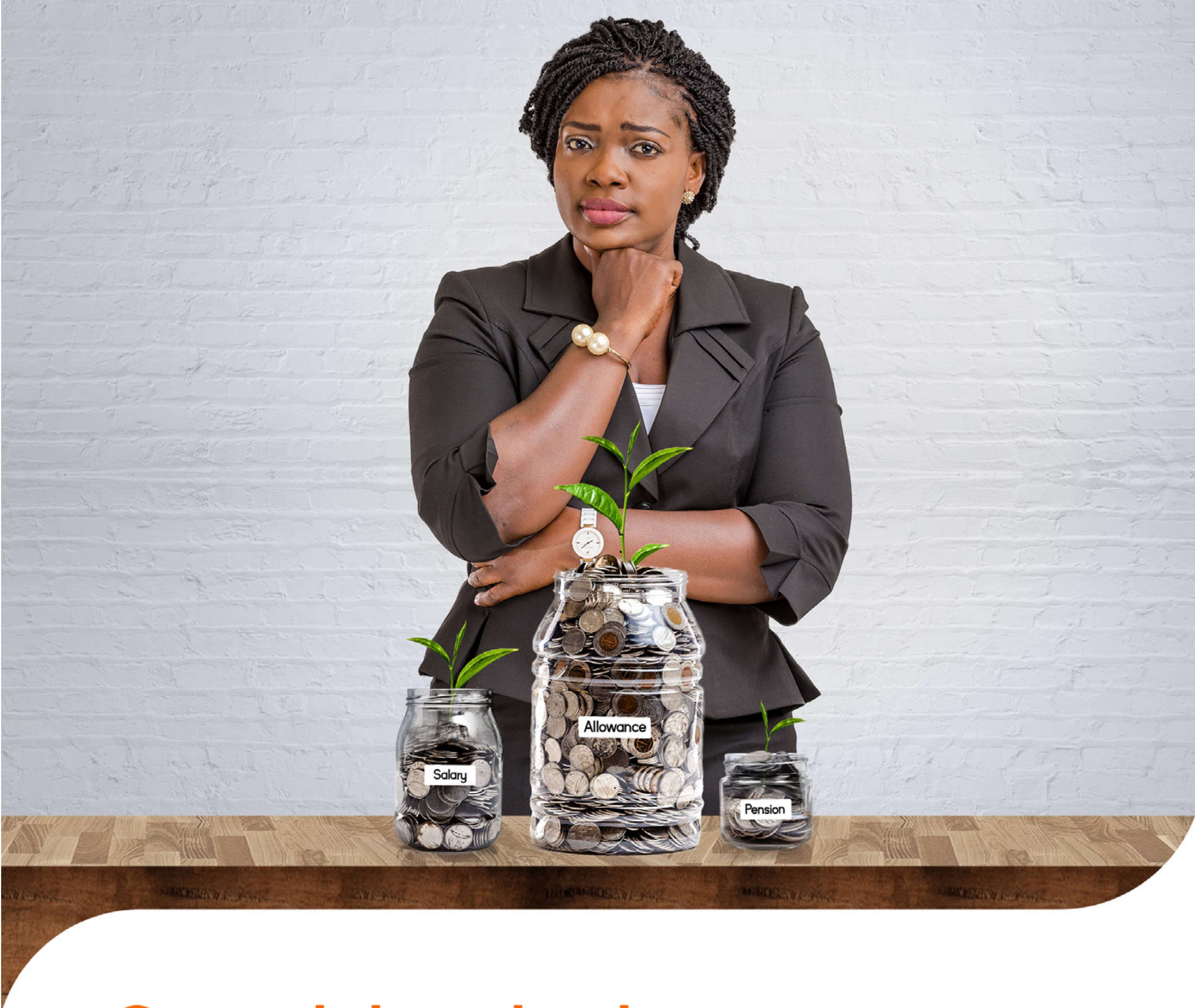
Held to Maturity
This relates to bonds, treasury bills and fixed deposits.

Loans and Receivables
Represent advances to companies less related impairment allowance.

By order of the Board of Trustees:

Trustee:
29/01/2020

Director-General:
29/01/2020



Consolidated salary gives you high pension

When your allowances are added to your basic salary, it increases the salary on which your SSNIT contribution is paid. This will reflect in your pension.

Speak to your employer today.

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Actuarial Opinion

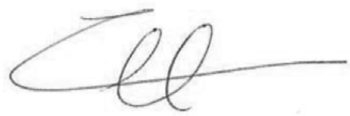
THE report on the Actuarial Valuation of the Social Security and National Insurance Trust Scheme as of 31 December 2014 was prepared under Article 53 of the National Pensions Act, 2008 (Act 766).

In our opinion,

- the data on which this report is based are sufficient and reliable although there are some aspects related to the reconciliation of the data and the mortality rates which create some uncertainties;
- the assumptions used are, individually and in aggregate, reasonable and appropriate; and
- the methodology employed is appropriate and consistent with accepted actuarial practice.

Based on the results of this valuation, we hereby certify that the SSNIT scheme is not financially sustainable over the period covered by the projections from 2014 to 2064. This means that in considering applicable financing rules and the future demographic and economic environment in which it will operate, the current assets of the SSNIT Scheme, together with future contributions, will not be sufficient to pay all future benefits and administrative and operational expenses over the period covered by the projections. This report has been prepared, and our opinions given, in accordance with internationally accepted actuarial practice as provided by the International Standard of Actuarial Practice 2: Financial Analysis of Social Security Programs.

Georges Langis, FSA, FCIA
Senior Actuary
ILO External Collaborator



Cristina Lloret, Actuary SAA
Actuary
ILO Enterprises Department

André Picard, FSA, FCIA
Chief Technical Adviser
Head of Actuarial Services Unit
ILO Social Protection Department

Independent Auditor's Report

Opinion

I have audited the financial statements of Social Security and National Insurance Trust (SSNIT) which comprise the Statement of net assets available for benefits as of 31 December 2017, the Statement of changes in net assets available for benefits and Statement of cash flows for the year then ended, and notes to the financial statements as set out on pages 13 to 50 including a summary of significant accounting policies and other explanatory notes.

In my opinion, the financial statements present fairly, in all material respects, the Statement of net assets available for benefits of Social Security and National Insurance Trust as of 31 December 2017, its financial performance and of its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the National Pensions Act, 2008 (Act 766) as amended.

Basis for Opinion

I conducted my audit in accordance with International Standards for Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements in Ghana, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Trustees' Report and Actuary's Report. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Trustees for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the National Pensions Act, 2008 (Act 766) and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Fundamental Auditing Principles (ISSAIs 100-999) of the International Standards for Supreme Audit Institutions, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Fundamental Auditing Principles (ISSAIs 100-999) of the International Standards for Supreme Audit Institutions, I exercised professional skepticism throughout the audit. I also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 Trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicated 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 I identified during our audit.

JOHNSON AKUAMOAH ASIEDU
DEPUTY AUDITOR GENERAL / CAD
For: AUDITOR GENERAL
P.O. Box M 96
Accra

Date: 31/01/ 2020

Statement of Net Assets

Available for Benefits as of 31st December 2017

Statement of Net Assets

	NOTE	2017 GH¢'000	2016 GH¢'000
Non-current assets			
Property, plant & equipment	4	442,686	426,851
Intangible asset - Computer software	4c	81,981	105,953
Investment properties	5a	1,995,555	1,596,884
Investment in Subsidiaries	5e	113,957	54,149
Non-current financial assets	6a	5,991,836	5,516,721
		8,626,015	7,700,558
Current assets			
Housing stock	9	2,969	2,969
Inventories	8	3,153	3,281
Current financial assets	6b	1,425,841	1,005,651
Prepayments and advances	6c	48,148	71,465
Cash and bank balances	7	77,567	4,037
		1,557,678	1,087,403
Current liabilities			
Accounts payable	10	(324,004)	(355,949)
Ghana Education Trust Fund	11	(26,418)	(26,418)
		(350,422)	(382,367)
Net current assets		1,207,256	705,036
Total assets less current liabilities		9,833,271	8,405,594
Represented by			
Net assets at 1 January		8,405,594	8,810,075
Current year movement		1,427,677	(404,481)
Net assets at 31 December available for benefits		9,833,271	8,405,594

The notes on **pages 48 to 87** form an integral part of these financial statements.
The financial statements on **pages 1 to 87** were approved by the Board of Trustees on **29/01/ 2020** and were signed on its behalf by:

Trustee
29/01/ 2020

Director-General
29/01/ 2020

Statement of Changes in Net Assets Available for Benefits for the Year Ended 31st December 2017

	NOTE	2017 GH¢'000	2016 GH¢'000
Income			
Contributions received	13	2,374,229	1,848,961
Net investment income	14a	405,980	425,436
Other income	14b	421,995	30,943
		3,202,204	2,305,340
Direct costs			
Operational cost	15a	(185,910)	(180,230)
Benefits	15b	(2,189,475)	(1,748,834)
		(2,375,385)	(1,929,064)
Surplus of income over direct costs		826,819	376,276
General and administrative expenses	16	(261,523)	(401,138)
		565,296	(24,862)
Transfer to National Health Insurance Scheme	18	(433,643)	(339,615)
Net surplus		131,653	(364,477)
Movement in net assets available for benefits			
Surplus of income over expenditure		131,653	(364,477)
Net increase in the value of investments	19	1,296,024	(40,004)
Net current year movement in net assets available for benefits		1,427,677	(404,481)

The notes on **pages 48 to 87** form an integral part of these financial statements.

Statement of cash flows

For the year ended 31st December, 2017

	NOTE	2017 GH¢'000	2016 GH¢'000
Operating activities			
Net surplus		131,653	(364,477)
Depreciation - Tangible assets	4	31,610	33,640
Amortisation - Intangible assets - Computer software	4c	31,583	49,905
Profit/Loss on disposal of Fixed Assets		(204)	63
Provision for impairment/Revaluation Loss		-	21,305
		194,642	(259,564)
Adjustment for movement in working capital			
(Increase)/Decrease in housing stock	9	-	(11)
(Increase) in inventories	8	128	(1,167)
(Increase) in current financial assets (more than 91 days but less than 1 year)		91,206	(302)
(Increase)/Decrease in prepayment		23,317	(55,229)
Increase in payables	10	(31,945)	132,282
(Increase) in investment properties	5d	(106,482)	(159,393)
(Increase) in investment in subsidiaries	5f	-	-
Decrease/(Increase) in Non-current financial assets		439,167	156,832
Net cash (used for) / generated from operating activities		610,033	(186,552)
Investing activities			
Purchase of property, plant & equipment	4	(18,507)	(77,647)
Purchase of intangible assets - Computer software	4c	(7,611)	(16,072)
Proceeds from the sale of property, plant & equipment		907	750
		(25,211)	(92,969)
Increase in cash and cash equivalent		584,822	(279,521)
Cash and cash equivalents at 1st January		216,952	496,473
Balance at 31st December		801,774	216,952
Analysis of cash and cash equivalent			
Current financial assets (Within 91 days)		724,207	212,915
Cash & bank balances		77,567	4,037
		801,774	216,952

The notes on **pages 48 to 87** form an integral part of these financial statements.

Notes to the Financial Statements

1.0 Corporate Information

The Social Security and National Insurance Trust (SSNIT) is a statutory public Trust established under NRCD 127 to administer Ghana's National Pension Scheme. The Social Security Law (PNDC Law 247) under which the current Social Security Scheme used to operate was passed in 1991. This was repealed by the National Pensions Act, 2008 (Act 766) which provides for a three-tier pension scheme. SSNIT is mandated by the law to manage the 1st tier which is compulsory for all Ghanaian workers.

The Trust is presently the largest non-banking financial institution in the country. Its primary responsibility is to replace part of lost income due to Old Age, Invalidity, or Death through the administration of a Social Security Scheme. The principal activities of the SSNIT are described in the Report of the Trustees.

The address of the Head Office of SSNIT is Pension House, Ministries, Pension Drive, Accra.

2.0 Basis of Preparation

2.1 Statement of Compliance

The Financial Statements of the Trust have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretation as issued by the International Accounting Standards Board (IASB).

2.2 Basis of Measurement

The financial statements have been prepared under the historical cost basis as modified to include fair valuation of specified investment properties, financial assets and liabilities to the extent required or permitted under accounting standards and as set out in the relevant accounting policies. The financial statements are presented in Ghana Cedi (GH¢) and all values are rounded to the nearest thousand Ghana Cedis except when otherwise indicated.

2.3 Basis of Consolidation

The Trust is an investment entity and, as such, does not consolidate the entities it controls. Instead, interests in subsidiaries are classified as fair value through profit or loss, and measured at fair value. Investments in associates are also classified as fair value through profit or loss, and measured at fair value.

2.4 Use of Estimates and Judgement

The preparation of the Trust's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, 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 Trust based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Trust. Such changes are reflected in the assumptions when they occur.

Fair Value of Financial Instruments

Where the fair value of financial assets and financial liabilities recorded in the Statement of net assets available for benefits cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Fair Value of Investment Properties

The fair value of investment properties was assessed by SSNIT Internal Valuers and reviewed by Property Appraisal & Investment Consult, an accredited independent valuer with a recognised and relevant professional qualification, and with recent experience in the location and category of the investment properties being valued.

The fair value of completed investment property has been determined on a market value basis in accordance with IVS, as set out by the IVSC. In arriving at their estimates of market values, the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparables.

Fair Value of Investment in Private Equity Investment Funds

The Fund invests in private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets.

The Fund's investment manager considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the NAV of these funds may be used as an input into measuring their fair value.

Provisions

Provisions are recognised when the Trust has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.5 Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year.

3.0 Significant accounting policies

The significant accounting policies applied in the preparation of the financial statements are set out below.

3.1 Functional and Presentation Currency

The financial statements are presented in Ghana cedis (GH¢), which is the Trust's functional and presentation currency and values are rounded to the nearest thousand (GH¢'000) except when otherwise stated.

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

3.2 Contributions

Contributions are accounted for on a cash basis. An accrual basis is not considered appropriate because it would result in substantial debtor accounts which may not be recoverable. However, where satisfactory payment arrangements have been concluded, contributions on behalf of Government workers are accrued.

The Contribution rates used are stipulated in the National Pensions Act, 2008 (Act 766) which stipulates the following rates:

Workers' contribution	5.5%	
Employers' contribution	13.0%	of Workers' Pay

Members who were 50 years and above in 2010 and did not opt for the National Pensions Act, 2008 (Act 766) still contribute 17.5% of their salary.

3.3 Investment Income

Interest earned on investment securities is reported as interest income. Dividends received are included separately in dividend income. Investment income is reported net of management cost and impairment. Interest income is recognised for financial instruments (corporate loans) measured at amortised cost using the effective interest method. Financial Assets include debt securities which management intends to hold until maturity and are stated at fair value. They also include equity securities which are stated at fair value.

When a financial asset or a group of similar financial assets have been written down as a result of impairment, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest income and expenses on financial assets and liabilities held at fair value through profit or loss are recognized in the Statement of changes in net assets in the period they arise. Fees and commissions, income and expenses that are an integral part to the effective interest rate on financial instruments are included in the measurement of the effective interest rate.

3.4 Benefits Paid

Benefits paid represent all valid benefit claims paid during the year. These include lump sum payments made under the Pension Scheme.

3.5 Financial assets

A Categorisation of Financial Assets

The Trust classifies its financial assets in the following categories: financial assets held at fair value through profit or loss; loans and receivables; available-for-sale financial assets; and held-to-maturity investments. Management determines the categorisation of its financial assets at initial recognition.

B Financial Assets at Fair Value Through Profit or Loss

A financial asset at fair value through profit or loss is a financial asset that meets either of the following:

i. Held for Trading

The Trust classifies financial assets as held for trading when they have been purchased for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together for which there is evidence of a recent pattern of short-term profit taking. Held for trading assets are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net investment income. Interest and dividend income is recorded in net investment income according to the terms of the contract, or when the right to payment has been established. Included in this classification is equities and short positions that have been acquired principally for the purpose of selling.

ii. Designated at Fair Value Through Profit or Loss (FVPL)

Financial assets and financial liabilities classified in this category are those that have been designated by management upon initial recognition. Management may only designate an instrument at FVPL upon initial recognition when one of the following criteria are met, and designation is determined on an instrument-by-instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.

  Or

- The assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

  Or

- The financial instrument contains one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in net gain or loss on financial assets and liabilities designated at FVPL. Interest earned or incurred is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument, while dividend income is recorded in other operating income when the right to the payment has been established.

C Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

D Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated on initial recognition as available for sale and are held for an indefinite period of time and may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.

E Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Trust has the positive intention and ability to hold to maturity. This comprises investments in short-term Government securities and medium-term investments in Government bond and other securities such as corporate bonds. Investments in securities are categorised as held-to-maturity financial assets.

F Initial Recognition of Financial Assets

Purchase and sales of financial assets held at fair value through profit or loss, available-for-sale financial assets and liabilities are recognised on the date the Trust commits to purchase or sell the asset. Loans and receivables are recognised when cash is advanced to borrowers.

Financial assets are initially recognised at fair value plus directly attributable transaction costs, except for financial assets at fair value through profit or loss.

G Subsequent Measurement of Financial Assets

Available-for-sale financial assets are subsequently measured at fair value with the resulting changes recognised in equity. The fair value changes on available-for-sale financial assets are recycled to the Statement of changes in net assets when the underlying asset is sold, matured or derecognised. Financial assets classified as at fair value through profit or loss are subsequently measured at fair value with the resulting changes recognised in the income.

H Derecognition

Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or where the Trust has transferred substantially all risks and rewards of ownership. Any interest in the transferred financial assets that is created or retained by the Trust is recognised as a separate asset or liability.

Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expired.

I Fair Value Measurement

The determination of fair value of quoted financial assets and liabilities in active markets are based on quoted market prices or dealer price quotations. If the market for a financial asset or liability is not actively traded or the asset is unlisted, the Trust establishes fair values by using valuation techniques. These techniques include the use of arm's length transactions discounted cash flow analysis, and valuation models and techniques commonly used by market participants in setting a price.

The valuation techniques may be adjusted to allow for a number of factors as appropriate because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction.

J Amortised Cost Measurement

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

K Identification and Measurement of Impairment

The Trust assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets are impaired and impairment losses are incurred if, and only if , there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event has an impact on the estimated future cash flows of the financial asset, or group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan and other observable data that suggests adverse changes in the payment status of the borrowers. Impairment losses on available-for-sale financial assets are recognised by transferring the difference between the acquisition cost and the current fair value out of equity to the Statement of Change in Net Assets available for benefits.

The Trust first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Trust determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on a loan and receivable has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the Statement of changes in net assets. If a loan and receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure, less cost of obtaining and selling the collateral, whether or not foreclosure is probable. For the purposes of a collective evaluation of basis of impairment, financial assets are grouped on the basis of similar credit risk characteristics. These characteristics are relevant to the estimation of future cash flows for the group of such assets being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the historical loss experience for assets with credit risk characteristics similar to those in the Trust. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based, and to remove the effects of conditions in the historical period that do not exist currently.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the Statement of changes in net assets.

Impairment losses on available-for-sale financial assets are recognised by transferring the difference between the amortised acquisition cost and current fair value out of equity to the Statement of changes in net assets. When a subsequent event causes the impairment loss on an available-for-sale financial asset to decrease, the impairment loss is reversed through the Statement of changes in net assets. However, any subsequent recovery in the fair value of an impaired available-for-sale financial asset is recognised directly in equity.

Investments in Securities

This comprises investments in short-term Government securities and medium-term investments in Government and other securities such as bonds. Investments in securities are categorised as held-to-maturity financial assets.

3.6 Property, Plant and Equipment

I Recognition and Measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self- constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

II Subsequent Costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Trust and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in the Statement of changes in net assets as incurred.

III Depreciation

Depreciation is recognised in the Statement of changes in net assets on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The principal annual depreciation rates used are as follows:

Freehold properties	2%
Leasehold properties	Over the unexpired lease period
Motor vehicle	25%
Furniture	25%
Equipment	20%
Computer Hardware	25%
Computer Software	25%

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds from disposal with the carrying amounts of property, plant and equipment and are recognised in the Statement of changes in net assets as other income.

IV Disposal

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposal are included in the Statement of changes in net assets.

3.7 Employee Benefits

A Short-term Benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Trust has a constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

B Post-employment Benefits

The Trust has a Staff Occupational Scheme for all employees who have completed serving their probation period.

Employees contribute 7.5% of their basic salary to the Scheme while the Trust contributes 12.0%. The obligation under the plan is limited to the relevant contribution and these are settled on due dates by the Fund Manager.

The Staff Occupational Scheme is a retirement plan under which the Trust pays fixed contributions; there is no legal or constructive obligation to pay further contributions. The assets of the plan are held separately from those of the Trust in a fund under the control of Trustees.

The total expense charged to income of GH¢ 18,707,527.60 (2016: GH¢ 19,010,919) represents contributions paid to these plans by the Trust at rates specified in the rules of the plan.

C Termination Benefits

Termination Benefits are payable when employment is terminated before the normal retirement date, or whenever an Employee accepts voluntary redundancy in exchange for these benefits. The Trust recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

3.8 Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where the obligation is expected to be settled over a period of years, the provision is discounted using a discount rate appropriate to the nature of the provision.

3.9 Investment properties

Investment properties are treated as long-term investments and carried at market values determined periodically. Investment properties are not subject to depreciation. Increases in their carrying amounts are credited to the movements of net assets. Decreases that offset previous increases of the same asset are charged against the movement of net assets. All other decreases are charged to the revenue account.

3.10 Actuarial Position

The financial statements summarise the transactions and net assets of the Pension Scheme. The financial statements do not take account of liabilities to pay pensions and other benefits in the future. This is considered in the Actuarial Valuation Report.

The financial and actuarial status of the Scheme is assessed triennially by an independent consulting Actuary. The last Actuarial Valuation Report was prepared upon a cumulative assessment of the Trust's financial results and position as of 31st December 2014.

3.11 Inventory

Inventory is valued at the lower of cost and net realisable value. Cost includes all direct expenditure incurred in bringing the goods to their present location and condition, and is determined using weighted average method.

3.12 Cash and Cash Equivalent

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, non–restricted current accounts with banks and short-term investment with an original maturity of three months or less.

3.13 Standards, Amendments and Interpretations Issued but not yet Effective

At the date of authorisation of these financial statements the following standards, revisions and interpretations were in issue but not yet effective.

The Trust has decided not to early adopt any of the standards.

3.13.1 Standards Issued but not yet effective

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

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Group plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Group has performed a detailed impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt IFRS 9. Overall, the Group expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9. The Group expects an increase in the loss allowance resulting in a negative impact on equity.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method. During 2016, the Group performed a preliminary assessment of IFRS 15, which was continued with a more detailed analysis completed in 2017.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.
IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2018, the Group will continue to assess the potential effect of IFRS 16 on its consolidated financial statements.

Transfers of Investment Property — Amendments to IAS 40

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

Annual Improvements 2014 - 2016 Cycle

IAS 28 Investments in Associates and Joint Ventures
Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice.

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact. These amendments are not applicable to the Group.

4a Property, Plant & Equipment - 2017

Cost	Land & buildings GH¢'000	Equipment GH¢'000	Furniture & fittings GH¢'000	Motor vehicles GH¢'000	Capital work in progress GH¢'000	Total GH¢'000
At 1st January	380,637	121,092	10,475	22,175	17	534,396
Additions	173	-	-	-	18,334	18,507
Capitalised WIP	6,426	2,609	749	2,074	(11,858)	-
*Transfers	1,647	-	-	(104)	10,652	12,195
Revaluation	16,402					16,402
Disposals	(1,074)	(351)	(430)	-	-	(1,855)
At 31st December	**404,211**	**123,350**	**10,794**	**24,145**	**17,145**	**579,645**

Depreciation/Impairment

At 1st January	16,705	72,728	7,273	10,839	-	107,545
Charge for the year	4,192	22,009	1,267	4,142	-	31,610
Revaluation	(1,044)					(1,044)
Disposals	(737)	(172)	(243)	-	-	(1,152)
At 31st December	19,116	94,565	8,297	14,981	-	136,959
Net book value	**385,095**	**28,785**	**2,497**	**9,164**	**17,145**	**442,686**

Disposal Schedule

	Cost GH¢'000	Accum. Depn. GH¢'000	NBV GH¢'000	Proceeds GH¢'000	Profit/(Loss) on disposal GH¢'000
Land & buildings	1,074	737	337	648	311
Equipment	351	172	179	19	(160)
Furniture & fittings	430	243	187	240	53
	1,855	1,152	703	907	204

* These are transfers from projects under construction and other reclassification to Receivables

4b Property, Plant & Equipment - 2016

	Land & buildings	Equipment	Furniture & fittings	Motor vehicles	Capital work in progress	Total
Cost	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
At 1st January	324,176	111,554	8,498	14,345	45	458,618
Additions	9,907	-	-	-	67,740	77,647
Transfers	45,267	10,074	2,125	10,302	(67,768)	-
Assets reclassified to receivable	-	-	-	(1,698)	-	(1,698)
Revaluation	2,002	-	-	-	-	2,002
Disposals	(715)	(536)	(148)	(774)	-	(2,173)
	380,637	**121,092**	**10,475**	**22,175**	**17**	**534,396**

Depreciation /Impairment

At 1st January	11,548	49,247	6,315	8,961	-	76,071
Charge for the year	6,262	23,648	1,078	2,652	-	33,640
*Revaluation	(806)					(806)
Disposals	(299)	(167)	(120)	(774)	-	(1,360)
At 31st December	16,705	72,728	7,273	10,839	-	107,545
Net book value	**363,932**	**48,364**	**3,202**	**11,336**	**17**	**426,851**

Disposal Schedule

	Cost	Accum. Depn.	NBV	Proceeds	Profit/(Loss) on disposal
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Land & buildings	715	299	416	540	124
Motor vehicles	774	774	-	138	138
Equipment	536	167	369	29	(340)
Furniture & fittings	148	120	28	43	15
	2,173	1,360	813	750	(63)

* This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

4c. Intangible Asset - Computer Software

	2017	2016
	GH¢'000	GH¢'000
Cost		
At 1st January	195,666	179,594
Additions	7,611	16,072
Transfers	-	-
Revaluation	-	-
Disposals	-	-
	203,277	**195,666**

Amortisation		
At 1st January	89,713	39,808
Charge for the year	31,583	49,905
Disposals	-	-
At 31st December	121,296	89,713
Net book value	**81,981**	**105,953**

Life is full of uncertainties

At SSNIT we understand this, that is why the scheme takes care of uncertainties like death which you have no control over. Contributing to the Scheme provides a lifeline for your family when you are no more.

5a Investment Properties

	Note	2017 GH¢'000	2016 GH¢'000
Commercial properties	5b	1,659,543	1,350,145
Work in progress - real estate under construction	5c	336,012	246,739
		1,995,555	1,596,884

The fair value of investment properties was assessed by SSNIT Internal Valuers and reviewed by Property Appraisal & Investment Consult, an accredited independent valuer with a recognised and relevant professional qualification, and with recent experience in the location and category of the investment properties being valued.

The fair value of completed investment property has been determined on a market value basis in accordance with IVS, as set out by the IVSC. In arriving at their estimates of market values, the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparables.

The highest and best use of the investment properties is not considered to be different from its current use. Rental income earned and received from the investment properties during the year was GH¢ 39,319,000 (2016:GH¢ 49,421,000).

Direct expenses incurred in relation to the investment properties that generated rental income during the year was GH¢7,781,000 (2016: GH¢11,925,000). During the year and as of the year-end, no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal were present. The Fund does not have any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

5b Commercial Properties

	2017 GH¢'000	2016 GH¢'000
Balance at the beginning	1,350,145	1,320,223
Additions	5,084	62,947
Transfer	-	-
SSNIT occupancy	(173)	(9,907)
Net Gain/(Loss) from Fair Valuation	304,487	(23,118)
	1,659,543	1,350,145

The valuation report has been prepared with the following assumptions.

i That no high alumina cement concrete or calcium chloride or other potentially deleterious material was used in the construction of the property or has since been incorporated.

ii That the assets are not subject to any unusual or especially onerous restrictions encumbrances or outgoings and that in the absence of titles to the lands, assumptions of the usual lease terms have been made.

iii The properties and the values are unaffected by any matters which would be revealed by a local search and replies to the usual enquiries or by any statutory notice and that neither the properties nor their intended use are or would be unlawful.

iv That inspection of those parts which are unexposed will neither reveal material defects nor cause the valuer to alter the valuation materially.

v That the physical conditions of the buildings were based on visual inspection only. No liability is assumed for the soundness of the structures since no engineering or soil tests were made of the building.

vi Information and data gathered from the relevant land sector agencies and other authorities pursuant to preparing the valuation report and other secondary data are true and correct.

5c Real Estate under Construction

	2017 GH¢'000	2016 GH¢'000
Balance at 1st January	246,739	140,386
Additions during the year	101,571	159,721
Transfer to completed investment property	-	(53,368)
Transfer to Property, Plant & Equipment	(12,298)	-
At 31st December	**336,012**	**246,739**

5d Investment Properties Additions

	2017 GH¢'000	2016 GH¢'000
Estate under construction	101,571	159,721
Commmercial properties net of transfer from Estate under construction	5,084	9,579
	106,655	169,300
SSNIT Occupancy catered for in PPE	(173)	(9,907)
	106,482	**159,393**

5e Investment in Subsidiaries

		2017 GH¢'000	2016 GH¢'000
(i)	**SSNIT Hospital**		
	Balance at the beginning	51,554	87,895
	Additions	-	-
	Revaluation Gain/(Loss)	59,402	(36,341)
		110,956	51,554
(ii)	**SSNIT Guest House**		
	Balance at the beginning	2,371	2,724
	Additions	-	-
	Revaluation Gain/(Loss)	406	(353)
		2,777	2,371
(iii)	**Bridal Trust Ltd**		
	Balance at the beginning	224	224
	Additions	-	-
	Revaluation Gain/(Loss)	-	-
		224	224
	Total Investment in Subsidiaries	113,957	54,149

6a Non-current Financial Assets

		2017 GH¢'000	2016 GH¢'000
(i)	**Available-for-sale investments**		
	Listed equities	2,226,885	1,448,285
	Unlisted equities	1,992,984	2,029,869
		4,219,869	**3,478,154**
(ii)	**Held-to-maturity investments**		
	Ghana Government bonds	1,005,919	1,188,829
	Corporate bonds	160,382	113,792
	Treasury Note more than one year	5,000	5,000
		1,171,301	**1,307,621**
(iii)	**Loans and receivables**		
	Corporate loans		
	Gross	1,259,777	1,391,189
	Impairment	(659,111)	(660,243)
		600,666	**730,946**
	Total non-current financial assets	**5,991,836**	**5,516,721**

6b Current Financial Assets

		2017 GH¢'000	2016 GH¢'000
(i)	**Held-to-maturity investments**		
	Treasury bill maturing within 91 days	-	-
	Treasury bill maturing after 91 days	-	50,000
	Fixed deposit maturing within 91 days	724,207	212,915
	Fixed deposit maturing after 91 days	93,947	203,325
		818,154	**466,240**
(ii)	**Loans and accounts receivable**		
	Student loans	178,152	176,970
	Impairment	(140,199)	(140,199)
		37,953	**36,771**
		-	-

		2017 GH¢'000	2016 GH¢'000
(iii)	**Corporate loans**		
	Gross	513,616	711,964
	Impairment	(143,249)	(483,075)
		370,367	**228,889**
(iv)	**Other accounts receivable**		
	Investment income	135,118	132,332
	Staff debtors	39,216	32,297
	Current accounts of subsidiaries	21,120	21,120
	Sundry debtors	3,913	88,002
		199,367	273,751
	Total current financial assets	**1,425,841**	**1,005,651**

Analysis of corporate loans by business segment

	2017		2016	
	GH¢'000	%	GH¢'000	%
Financial	1,419,498	80.04	1,377,108	65.48
Services	336,724	18.99	709,173	33.72
Manufacturing	17,171	0.97	16,872	0.80
Gross loans and advances	1,773,393	100.00	2,103,153	100.00
Less impairment allowance	(802,360)		(1,143,318)	
	971,033		**959,835**	

6c Prepayments and Advances

	2017 GH¢'000	2016 GH¢'000
Prepayment	421	331
Advances to contractors	47,690	71,084
Deposits for houses	37	50
	48,148	**71,465**

7.0 Cash and Bank Balances

	2017 GH¢'000	2016 GH¢'000
Call deposits	-	-
Current account balances	77,567	4,037
	77,567	4,037

8.0 Inventory

	2017 GH¢'000	2016 GH¢'000
Stationery	2,931	3,010
Spare parts	215	232
Fuel and lubricants	7	39
	3,153	3,281

9.0 Housing Stock

	2017 GH¢'000	2016 GH¢'000
Opening balance	2,969	2,958
Additions during the year	-	11
Transfers during the year	-	-
Disposals	-	-
Closing balance	2,969	2,969

10.0 Accounts Payable

	2017 GH¢'000	2016 GH¢'000
Retention fees	12,201	7,399
Suppliers and accrued liabilities	225,648	325,582
Rent received in advance	77,612	17,536
Sundry payables	5,395	3,181
Returned pensions	3,148	2,251
	324,004	355,949

11.0 Ghana Education Trust Fund

The Ghana Education Trust Fund (GETFUND) made available to the Trust an amount of **GH¢26.42 million** (2016 - GH¢26.42 million) for onward lending to students under the Students' Loans Scheme. The funds from GETFUND is interest free and there is no timeline for the repayment of the fund provided to the Trust.

12.0 Segmental Reporting

Segmental Information is presented in respect of the Trust's business segments. The Trust is organised into three main business segments: Operations, Investment and Administration. The Branch and Area offices together with the coordination functions constitute the operations segment which is primarily responsible for contribution collection and benefits payment. The Investment segment manages the Treasury, Investment and Development functions of the Trust while the Administrative segment is responsible for general administration.

2017	Operations GH¢'000	Investments GH¢'000	Administration GH¢'000	Total GH¢'000
Contributions	2,374,229	-	-	2,374,229
Investment income	-	603,322	-	603,322
Other income	-	-	421,995	421,995
	2,374,229	**603,322**	**421,995**	**3,399,546**
Investment management expenses	-	(12,201)	-	(12,201)
Diminution in fair value of listed shares	-	41,509	-	41,509
Diminution in fair value of unlisted shares	-	(226,650)		(226,650)
Provision for bad and doubtful debts	-	-	-	-
Benefits	(2,189,475)		-	(2,189,475)
Operational costs	(185,910)	-	-	(185,910)
Administration costs	-	-	(261,523)	(261,523)
Total operating expenses	**(2,375,385)**	**(197,342)**	**(261,523)**	**(2,834,250)**
Surplus of Income before NHIS	(1,156)	405,980	160,472	565,296
Transfer to NHIS	(433,643)	-	-	(433,643)
Surplus of Income after expenditure	(434,799)	405,980	160,472	131,653
Total assets				**10,183,693**
Total liabilities				**350,422**

2016	Operations GH¢'000	Investments GH¢'000	Administration GH¢'000	Total GH¢'000
Contributions	1,848,961	-	-	1,848,961
Investment income	-	904,135	-	904,135
Other income	-	-	30,943	30,943
	1,848,961	**904,135**	**30,943**	**2,784,039**
Investment management expenses	-	(16,070)	-	(16,070)
Diminution in fair value of listed shares	-	(167,158)	-	(167,158)
Diminution in fair value of unlisted shares	-	(244,167)		(244,167)
Provision for bad and doubtful debts	-	(51,304)	-	(51,304)
Benefits	(1,748,834)		-	(1,748,834)
Operational costs	(180,230)	-	-	(180,230)
Administration costs	-	-	(401,138)	(401,138)
Total operating expenses	**(1,929,064)**	**(478,699)**	**(401,138)**	**(2,808,901)**
Surplus of Income before NHIS	(80,103)	425,436	(370,195)	(24,862)
Transfer to NHIS	(339,615)	-	-	(339,615)
Surplus of Income after expenditure	(419,718)	425,436	(370,195)	(364,477)
Total assets				**8,787,961**
Total liabilities				**382,367**

13.0 Contributions Received

	2017 GH¢'000	2016 GH¢'000
Controller and Accountant General	756,431	589,480
Private sector	1,617,798	1,259,481
	2,374,229	1,848,961

14a Net Investment Income

		2017 GH¢'000	2016 GH¢'000
Government and corporate bonds		233,637	454,813
Term deposits and treasury bills		47,971	124,551
Student Loans		4,317	4,427
Corporate loans		98,034	97,718
Rent		39,319	49,421
Dividend		108,481	115,070
Miscellaneous income	14a (i)	71,563	58,135
		603,322	**904,135**
Investment management	14a (ii)	(12,201)	(16,070)
Diminution in fair value of listed shares		41,509	(167,158)
Diminution in fair value of unlisted shares		(226,650)	(244,167)
Impairment allowance		-	(51,304)
		405,980	**425,436**

14a (i) Miscellaneous Income

Miscellaneous Investment income is made up of all the income from the underlisted sources:

	2017 GH¢'000	2016 GH¢'000
Profit on sale of commercial and residential properties	1,902	14,244
Interest earned on HFC bonds	293	333
Interest earned on Call accounts	65,497	34,048
Interest earned on Current accounts	1,009	2,337
Equity distribution call received	3,780	557
Interest income (others)	(918)	6,616
Total Miscellaneous Income	**71,563**	**58,135**

14a (ii) Investment Management Expenses

	2017 GH¢'000	2016 GH¢'000
Investment expenses arising from investment properties that generate rental income	7,545	11,925
Investment expenses arising from investment properties that did not generate rental income	4,656	4,145
Total investment management expenses	**12,201**	**16,070**

14a (iii) Movement in Provision for Impairment

		2017 GH¢'000	2016 GH¢'000
Balance at 1st January		1,283,517	1,240,834
Increase during year charged to income		-	51,304
Decrease charge against corporate loan		(340,958)	(8,620)
Balance at 31st December		942,559	1,283,518
Corporate loan	(6a (iii) & 6b(iii))	802,360	1,143,318
Student Loans	6b(ii)	140,199	140,199
		942,559	**1,283,517**

14b Other Income

	2017 GH¢'000	2016 GH¢'000
Other income is made up of income from the underlisted sources:		
Bid/Documentation fee	144	109
Loan processing fee	-	468
Profit on disposal of shares	-	8,721
Profit on disposal of fixed assets	204	(63)
Penalty on delayed contribution	15,659	8,779
Exchange gain	3,642	(14,119)
Management fees from NHIS	5,204	4,075
Miscellaneous income	397,142	22,973
	421,995	**30,943**

15a Operational Cost

	2017 GH¢'000	2016 GH¢'000
Personnel costs	161,413	117,851
Utility costs	7,272	5,540
Travel and accommodation	131	286
Public education	677	377
Depreciation	6,123	47,896
General expenses	10,294	8,280
	185,910	**180,230**

15b Benefits

	2017 GH¢'000	2016 GH¢'000
Old age and invalidity	1,853,355	1,458,391
Death and survivors	336,120	290,443
	2,189,475	**1,748,834**

16.0 Administrative Expenses

Administrative expenses include:

	2017 GH¢'000	2016 GH¢'000
Depreciation of fixed assets	56,950	35,319
Auditors' remuneration	143	617
Trustees' emoluments	1,632	2,714
Others	202,798	362,488
	261,523	401,138

17.0 Financial Risk Management

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

- Asset/portfolio/credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information on the Trust's exposure to each of the risks, the Trust's objectives, policies and processes for measuring and managing risk and the Trust's management of capital.

Risk Management Framework

The Board of Trustees has overall responsibility for the establishment and oversight of the Trust's risk management framework.

The Trust's risk management policies are established to identify and analyse the risks faced by the Trust, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Trust, through its standards and procedures aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Trust's Executive Committee is responsible for monitoring compliance with risk management polices and procedures, and for reviewing the adequacy of the risk management framework in relation to risks faced by the Trust.

A) Asset/Portfolio/Credit Risk

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

The Investment and Development Division of the Trust continually monitors the risk environment and as and when deemed necessary, the Investment Asset Allocation Policy is reviewed and submitted for further review and authorization by the Board.

The approved Investment Asset Allocation Policy serves as the guide for all investment activities within the Trust.

In constructing an Optimal Asset Allocation for the Trust, the Investment and Development Division assesses the associated risk inherent in investing in each of the asset classes and the overall portfolio as a whole. The analysis is also attentive to the occurrence of deviations from the estimated Expected Return as it is these inevitable deviations that jeopardise the attainment of expected results and hence the risk.

In assessing the risk inherent in the portfolio, each asset class risk is measured with a keen eye on mitigating measures and controls on the risk.

The first part of the measurement exercise, is the establishment of the Expected Return on each asset class. The second part comprises the assessment of the risk characteristics of each asset; particularly in combination with the current portfolio. The risk of the individual assets are measured in the context of the effect of their returns on the overall portfolio volatility.

Combinations of assets duly assessed are then made in proportions that are projected to at least yield the minimum Expected Portfolio return of a positive 2.5% above inflation. The overall objective of the Investment Asset Allocation Policy is to ensure return optimisation, that is, the highest possible return achievable under tolerable risk levels.

The risk of financial loss to the Trust if a counterparty to a financial instrument fails to meet its contractual obligations, arises principally from loans and advances to companies and other Institutions and investment securities.

Loans are designated as impaired and considered non-performing where recognised weakness indicates that full payment of either interest or principal becomes questionable .

An individual impairment provision is raised, being the difference between the loan carrying amount and the present value of estimated future cash flows.

Provisions are raised where necessary based on the results of independent asset reviews, economic conditions as well as local knowledge and experiences. Where it is considered that there is no realistic prospect of recovering an element of an account against which an impairment provision has been raised, then that amount will be written off.

Collateral and Other Credit Enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types or collateral obtained are as follows:

For commercial lending, charges over real estate properties, inventory and trade receivables. For student loans, a guarantee by three SSNIT contributors each with a minimum of five years contribution.

It is the Trust's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Trust does not occupy repossessed properties for business use.

The Trust does not use master netting agreements with counterparties with whom a significant volume of transactions are undertaken.

Credit Quality by Class of Financial Assets

The Trust manages the credit quality of financial assets using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Trust’s internal credit rating system. The amounts presented are gross of impairment allowances.

Financial assets are summarised as follows:	Loans and receivable GH¢'000	Held to Maturity GH¢'000	Available for sale GH¢'000
2017			
Neither past due nor impaired	85,207	1,989,455	3,478,154
Past due but not impaired	199,367	-	-
Impaired	1,866,338	-	-
Gross	**2,150,912**	**1,989,455**	**4,219,869**
Less: allowance for impairment	(942,559)	-	-
Net	1,208,353	1,989,455	4,219,869

2016	Loans and receivable GH¢'000	Held to Maturity GH¢'000	Available for sale GH¢'000
Neither past due nor impaired	101,670	1,773,861	3,478,154
Past due but not impaired	273,751	-	-
Impaired	2,178,454	-	-
Gross	**2,553,875**	**1,773,861**	**3,478,154**
Less: allowance for impairment	(1,283,517)	-	-
Net	1,270,358	1,773,861	3,478,154

Impaired Loans

Impaired loans and securities are loans and securities for which the Trust determines probably that it will be unable to collect all principal and interest due according to the contractual terms of the loan/ securities agreements.

Past Due but not Impaired Loans

Loans and receivables where contractual interest or principal payments are past due but the Trust believes that impairment is not appropriate on the basis of the level of security/ collateral available and/ or the stage of collection of amounts owed to the Trust.

Concentration of Risk

The Trust monitors concentrations of credit risk by sector. An analysis of concentrations credit risk at reporting date is shown below:

Analysis by Business Segment

	2017 GH¢'000	%	2016 GH¢'000	%
Financial	1,419,498	78.37	1,377,108	64.35
Services	336,724	18.59	709,173	33.14
Manufacturing	17,171	0.95	16,872	0.79
Student Loans	37,953	2.10	36,771	1.72
Gross loans & advances	**1,811,346**	**100.00**	**2,139,924**	**100**
Less impairment allowance	(942,559)	-	(1,283,517)	-
	868,787	100	856,407	100

B) Liquidity Risk

The Trust defines liquidity risk as the risk associated with the situation where it does not have sufficient financial resources available to meet all of its obligations and commitments as they fall due, or can access them only at excessive cost.

Management of Liquidity Risk

It is the policy of the Trust to maintain adequate liquidity at all times. Hence the Trust's approach to managing liquidity is to be in a position to meet all obligations to pay pensioners, suppliers and contractors, to fulfil commitments to lend and to meet any other commitments.

The Treasury Department maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities such as Treasury Bills, Fixed Deposits (Repurchase Agreements) and Calls to ensure that sufficient liquidity is maintained within the Trust.

The Finance Division of the Trust is responsible for ensuring the attainment of the liquidity objectives of the Trust. These responsibilities include the provision of authorities and development of policies and procedures.

Exposure to Liquidity Risk

The key measure used by the Trust for managing liquidity risk is the sustainability ratio which is the ratio of total expense to investment income. For this purpose, total expense is considered as including benefits expense and administrative expense. Details of the reported sustainability ratio at the reporting date and 31 December 2016 is as follows:

At 31st December	2017	2016
	GH¢'000	GH¢'000
Investment income	405,980	425,436
Administrative expense	261,523	401,138
Benefits	2,189,475	1,748,834
Total expense	**2,450,998**	**2,149,972**
Administrative coverage ratio	1.55	1.06
Benefits coverage ratio	0.19	0.24
Sustainability ratio	0.17	0.20

Non-derivative Financial Assets and Liabilities held for Managing Liquidity Risk

At 31st December, 2017	On demand GH¢'000	Not more than one year GH¢'000	Over one year GH¢'000	Total GH¢'000
Assets				
Cash and bank balance	77,567	-	-	77,567
Available-for-sale investments	-	-	4,219,869	4,219,869
Held-to-maturity investments	-	867,243	1,549,046	2,416,289
Corporate and Student Loans	-	850,875	1,905,917	2,756,791
Other accounts receivable	3,913	195,454	-	199,367
Total financial assets (contractual maturity dates)	**81,480**	**1,913,572**	**7,674,831**	**9,669,883**
Liabilities				
Payables	228,796	89,813	-	318,609
Ghana Education Trust Fund	-	26,418	-	26,418
Total financial liabilities (contractual maturity dates)	**228,796**	**116,231**	**-**	**345,027**

At 31st December, 2016	On demand	Not more than one year	Over one year	Total
Assets	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cash and bank balance	4,037	-	-	4,037
Available-for-sale investments	-	-	3,478,154	3,478,154
Held-to-maturity investments	-	494,214	1,729,329	2,223,543
Corporate and Student Loans	-	1,093,389	2,104,730	3,198,119
Other accounts receivable	88,002	185,749	-	273,751
Total financial assets (contractual maturity dates)	92,039	1,773,352	7,312,213	9,177,604
Liabilities				
Payables	328,763	24,935	-	353,698
Ghana Education Trust Fund	-	26,418	-	26,418
Total financial liabilities (contractual maturity dates)	328,763	51,353	-	380,116

C) Market Risk

Market Risk is the risk that changes in market prices, such as interest rate, equity prices and foreign exchange rates that will affect the Trust income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The Trust is developing policies, processes and evaluating methodologies to better manage this risk.

(i) Interest /Return Rate Risk

The table below sets out the return on the Trust's investment portfolio for the year 2017 as compared to 2016.

	2017 Rate of return	2016 Rate of return
	%	%
Investment properties	22.97	3.37
Available for sale	27.42	2.10
Held to maturity	18.68	34.06
Loans and receivables	10.15	10.03
Student Loans	11.55	12.18

(ii) Foreign Exchange Risk

The Trust operates wholly within Ghana and its assets and liabilities are carried in local currency. The Trust maintains deposits with some of its bankers and lends to some companies in foreign currencies.

The exchange rates used for translating the major foreign currency balances at the period were as follows:

	2017 GH¢	2016 GH¢
US Dollar	4.4142	4.1811
GB Pound	5.9359	5.0604
Euro	5.2741	4.3813

(iii) Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EURO and GBP exhange rates, with all other variables held constant. The impact on the Trust's income surplus is due to changes in the fair value of monetary assets and liabilities. The impact on the Trust's income surplus is the same.

2017		Balance	Change in rate	Effect on Net Surplus
		GH¢'000		GH¢'000
	USD	6,810	5.58%	379.66
		6,810	-5.58%	(379.66)
	GBP	1,136	17.30%	196.54
		1,136	-17.30%	(196.54)
	EURO	66	20.38%	13.45
		66	-20.38%	(13.45)

2016		Balance	Change in rate	Effect on Net Surplus
		GH¢'000		GH¢'000
	USD	3,180	10.25%	325.84
		3,180	-10.25%	(325.84)
	GBP	660	-10.01%	(66.09)
		660	10.01%	66.09
	EURO	130	5.58%	7.25
		130	-5.58%	(7.25)

D) Equity Price Risk

The Trust's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Trust manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Trust's Investment Committee on a regular basis. The Board of Trustee reviews and appproves all equity investment decisions. At the reporting date, the exposure to listed equity securities at fair value was **GH¢1,448,285.** A decrease of 10% on the GSE market index could have an impact of approximately **GH¢144,829** on the income or net assets available for benefits, depending on whether the decline is significant or prolonged. An increase of 10% in the value of the listed securities would only impact net assets available for benefit but would not have an effect on net surplus.

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 Trust's exposure to the risk of changes in market interest rates relates primarily to the Trust's loans with floating interest rates.

The Trust manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans.

Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possibly change in interest rates on that portion of loans affected. With all other variables held constant, the Trust's net surplus is affected through the impact on floating rate lendings, as follows:

		Increase /decrease in basis points	Effect on net surplus
2017	**GH¢'000**	**%**	**GH¢'000**
GH¢	1,773,393	2.05%	36,354.56
	1,773,393	-2.05%	(36,354.56)
2016	2,066,383	2.05	42,360.85
GH¢	2,066,383	-2.05	(42,360.85)

E) Operational Risk

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

The Trust's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Trust's reputation with overall cost-effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each Division. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls procedures to address the risks identified.
- requirements for the reporting of operational losses and proposed remedial action
- procedures to address the risks identified
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with the Trust's standards is supported by a programme of periodic reviews undertaken by Internal Audit sometimes with assistance from external consultants. The results of reviews are discussed with the management of the Business Unit to which they relate, with reports submitted to the Audit Committee, a sub-committee of the Board.

18.0 Transfers to National Health Insurance Scheme

Transfers made are in accordance with National Pensions Act, 2008 (Act 766), Section 63 (4) which requires 2.5 percentage points out of each member's 13.5% contribution to the SSNIT Pension Scheme to be paid into the National Health Insurance Scheme.

19.0 Net Increase in the Value of Investments

	2017 GH¢	2016 GH¢
Revaluation of listed shares	737,092	(230,823)
Revaluation of unlisted investments	173,234	227,204
Revaluation Surplus - Fixed Assets	17,447	6,536
Revaluation of commercial properties	304,487	(5,541)
Revaluation Investments in subsidiaries	59,808	(36,694)
Indexation of HFC Bonds	3,956	(686)
	1,296,024	(40,004)

20.0 Tax

Under Section 54 of the National Pensions Act, 2008 (Act 766), the Trust is exempt from corporate tax and such other taxes and duties as may be determined by the Minister of Finance & Economic Planning.

21.0 Fair Value of Financial Statements

1 Fair Value Hierarchy

IFRS 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. The following table shows financial instruments recognised at fair value, categorised between those whose fair value is based on:

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.

This hierarchy requires the use of observable market data when available. The Trust considers relevant observable market prices in its valuation where possible. There has been movement of financial instruments from Level 2 to 3 in the current year. Financial instruments measured at fair value at 31 December 2017 and 31 December 2016 were classified as follows:

Recurring Fair Value Measurement of Assets and Liabilities

2017	Valuations based on observable inputs		
Financial assets	Level 1	Level 2	Level 3
Investment in subsidiaries	GH¢'000	GH¢'000	GH¢'000
SSNIT Hospital	-	-	110,956
SSNIT Guest House	-	-	2,777
Bridal Trust Ltd	-	-	224
Equities			
Listed equity	2,226,885	-	-
Unlisted equity	-	-	1,905,597
Unlisted managed funds	-	-	87,387
Investment properties	-	-	1,995,555
Available-for-sale investments	**2,226,885**	**-**	**4,102,496**

2016			
Financial assets	Level 1	Level 2	Level 3
Investment in subsidiaries	GH¢'000	GH¢'000	GH¢'000
SSNIT Hospital	-	-	51,554
SSNIT Guest House	-	-	2,371
Bridal Trust Ltd	-	-	224
Equities			
Listed equity	1,448,285	-	-
Unlisted equity	-	231,459	1,715,404
Unlisted managed funds	-	-	83,006
Investment properties	-	-	1,596,884
Available-for-sale investments	**1,448,285**	**231,459**	**3,449,443**

Transfers between Levels

During 2017 financial year there was transfer from Level 2 to 3 on Unlisted equities of the fair value hierachy.

Valuation Techniques

Listed Investment in Equity Securities
When fair values of publicly traded equity securities, managed funds and derivatives are based on quoted market prices, or binding dealer price quotations, in an active market for identical assets without any adjustments, the instruments are included within Level 1 of the hierarchy. The Fund values these investments at bid price for long positions and ask price for short positions.

Unlisted Equity Investments
The Trust invests in private equity companies which are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Trust uses a market-based valuation technique for these positions.

Description of the Valuation Techniques

Unlisted Managed Funds
The Trust invests in managed funds, including private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock-up periods, redemption gates and side pockets. The Fund's investment manager considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the NAV of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the Fund. Depending on the nature and level of adjustments needed to the NAV and the level of trading in the fund, the Fund classifies these funds as either Level 2 or Level 3.

Investment Property
The fair value of investment property was determined by SSNIT Internal Valuers and reviewed by Property Appraisal & Investment Consult using recognised valuation techniques. These techniques comprise both the Market/Comparison Approach and Replacement Cost Approach. Under the Market Approach, a property's fair value is estimated by an analysis of recent sales of comparable properties in both the subject neighbourhood and other comparable neighbourhoods. The analysed data is adjusted to reflect differences in location, time and terms of sale and physical characteristics between the subject property and the comparable property. The Depreciated Replacement Cost Approach is based on the assumption that cost and value are related. This involves finding the estimate of the gross replacement cost of a building which is the estimated cost of erecting a building or a modern substitute building, having the same gross internal floor area as that existing, at prices current at the relevant date. The figure is then reduced to reflect the physical deterioration, functional and economic obsolescence of the building and environmental constraints to arrive at the depreciated replacement cost of the building. To this, is added the existing use value of the land, which is found by the Market Approach to value. The fair value of investment property is included within Level 3.

Valuation Process for Level 3

Quantitative information of significant unobservable inputs – Level 3

Description	Valuation Technique	Unobservable Input
Unlisted Equities	Average of adjusted Net Assets, DCF and EBITDA	Analysis of 4 years' financial statements, projection of cash flows and comparable EBITDA multiples of similar companies.
Investment properties	Fair Market Value	Analysis of recent sales of comparable properties in both the subject neighbourhood and other comparable neighbourhoods.
SSNIT Hospital	Average of adjusted Net Assets, DCF and EBITDA	Analysis of 4 years' financial statements, projection of cash flows and comparable EBITDA multiples of similar companies.
Bridal Trust	Adjusted Net Assets	Financial statements for 2017 year end.
SSNIT Guest House	Adjusted Net Assets	Financial statements for 2017 year end.

Level 3 Reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 and between the beginning and the end of the reporting period:

	SSNIT Hospital	SSNIT Guest House	Bridal Trust Ltd.	Unlisted equity	Investment properties	Unlisted managed funds	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Balance as of 1st Jan, 2017	51,554	2,371	224	1,715,404	1,596,884	83,006	3,449,443
Revaluation gains and(losses)	59,402	406	-	173,234	304,487	-	537,529
Purchases	-	-	-	13,330	106,482	4,381	124,193
Sales	-	-	-	-	-		-
Capital Calls	-	-	-	-	-		-
Distribution	-	-	-	-	-		-
Transfer in/(out)	-	-	-	3,629	(12,298)	-	(8,669)
Balance as of 31st December, 2016	**110,956**	**2,777**	**224**	**1,905,597**	**1,995,555**	**87,387**	**4,102,496**

	SSNIT Hospital	SSNIT Guest House	Bridal Trust Ltd.	Unlisted equity	Investment properties	Unlisted managed funds	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Balance as of 1st Jan, 2016	87,895	2,724	224	1,409,767	1,460,609	87,134	3,048,353
Revaluation gains and(losses)	(36,341)	(353)	-	4,688	(23,118)	(6,508)	(61,632)
Purchases	-	-	-	309,685	159,393	2,380	471,458
Sales	-	-	-	(8,736)	-		(8,736)
Capital Calls	-	-	-	-	-		-
Distribution	-	-	-	-	-		-
Transfer in/(out)	-	-	-	-	-	-	-
Balance as of 31st December, 2016	51,554	2,371	224	1,715,404	1,596,884	83,006	3,449,443

2 Financial Instruments not Measured at Fair Value

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Trust's statement of financial position at their fair value:

	2017		2016	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Assets	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cash and bank balance	77,567	77,567	4,037	4,037
Held-to-maturity investments (i)	1,989,455	1,989,455	1,773,861	1,773,861
Corporate and Students Loans (ii)	1,008,986	1,008,986	996,606	996,606
Other accounts receivable (iii)	199,367	199,367	273,751	273,751
	3,275,375	3,275,375	3,048,255	3,048,255
Liabilities				
Payables (iv)	324,004	324,004	355,949	355,949
Ghana Education Trust Fund (v)	26,418	26,418	26,418	26,418
	350,422	350,422	382,367	382,367

(i) **Held-to-maturity investments**
Held-to-maturity investments include treasury bills and fixed deposits. The estimated fair value of fixed interest bearing deposits and treasury bills are based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity. The carrying amount approximates their fair values.

(ii) **Corporate and Student Loans**
Corporate and Student Loans are net of charges for impairment. The estimated fair value of Corporate and Students Loans represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. The carrying amount approximates their fair value.

(iii) **Other accounts receivable**
The estimated fair value of other accounts receivable represents the discounted amount of estimated future cash flows expected to be received. The carrying amount approximates their fair value.

(iv) **Ghana Education Trust Fund**

The estimated fair value of Ghana Education Trust Fund is based on discounted cash flows using prevailing money-market interest rates for debts with similar risk and remaining maturity. The carrying amount approximates their fair value.

22.0 Contingent Liabilities and Provisions

A) Contingencies and Commitments

(i) Contingent Liability

There were a number of legal proceedings outstanding against the Trust at 31st December, 2017. These are pending litigations that may result in a material liability to the Trust. It is estimated that the maximum amount would not exceed GH¢ 4,020,000 (2016 - GH¢ 3,170,000).

23.0 Events After the Reporting Period

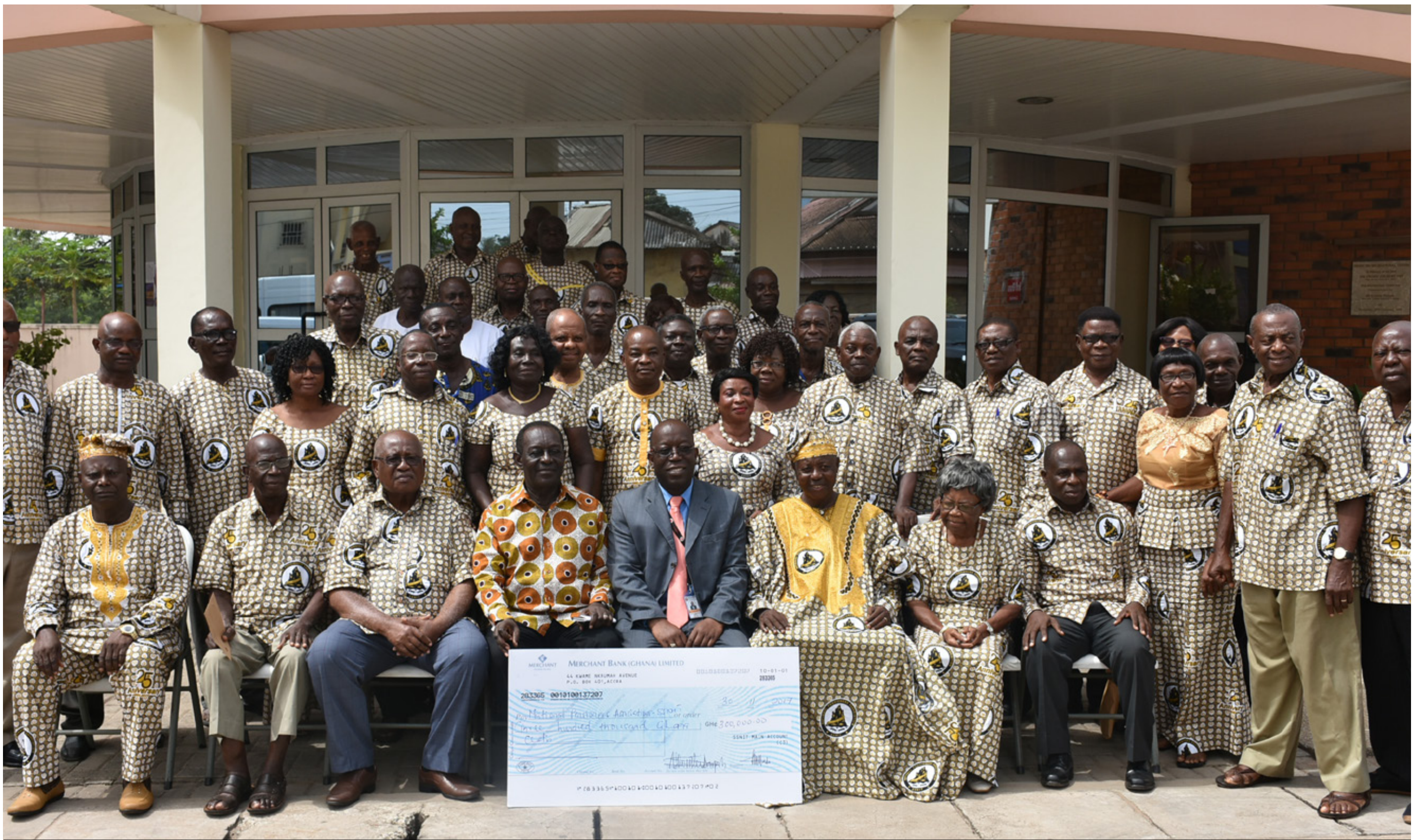
There were no events after the reporting date requiring adjustment or disclosure in the financial statement.

Official Events

Minister of State in charge of Public Procurement, Hon Adwoa Safo (fourth left) with the SSNIT Management Team

Members of CENIT Energy Board led by the Chairman, Mr Mark Addo (third right) with the SSNIT Management Team

Board Chairman, Dr Kwame Addo Kufuor presenting a cheque for GH¢ 300,000 in support of the Pensioners' Medical Scheme to Mr. Edward Ameyibor, Gen. Sec of the Pensioners Association.



Board Chairman, Dr Kwame Addo Kufuor with Members of the National Pensioners' Association

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