

STALLION RETIREMENT FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Stallion Retirement Fund
Annual Report
for the year ended 31 December 2023

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Trustees, advisers and other information

Trustees

Kweku Andoh Awotwi
Kwame-Gazo Agbenyadzie
Desmond Afutu Nartey
Charles Osei-Akoto
Eva Okai

Administrator

Stallion Trust and Administration Limited
3rd Floor, Gulf House
Tetteh Quarshie Interchange
Airport West
Accra

Fund Managers

Databank Asset Management
Fidelity Asset Management
IC Securities
Bora Investment Limited
Algebra Capital Management Limited

Custodian

CAL Bank Ghana Limited

Independent Auditor

PricewaterhouseCoopers
PwC Tower
A4 Rangoon Lane, Cantonment City
PMB CT42, Cantonments
Accra, Ghana

Registered Office

Stallion Trust and Administration Limited
3rd Floor, Gulf House
Tetteh Quarshie Interchange
Airport West
Accra

REPORT OF THE TRUSTEES

The Trustees submit their report together with the audited financial statements for the year ended 31 December 2023.

Establishment, Nature and Status of the Fund

The Scheme is a defined contribution scheme which provides lump sum benefits on retirement and such other ancillary benefits to members who meet the qualified conditions stipulated under the National Pensions Act, 2008 (Act 766) as amended by the Pensions Amendment Act 2014 (Act 883).

The Scheme is a tax-exempt pension fund under the National Pensions Act, 2008 (Act 766) and any amendments made to it thereafter. The Scheme's activities are bound by provisions of the National Pensions Act, 2008, (Act 766) as amended by the Pensions Amendment Act 2014 (Act 883), regulations made under them, guidelines formulated and published and any Board directives that may be issued from time to time as well as the governing rules of the Scheme. The Scheme is registered with the National Pensions Regulatory Authority (NPRO). The employee contributes a mandatory (Tier 2) 5% of pensionable salary to the schemes.

Trustees of the Scheme are ultimately responsible for administration of the Scheme and their responsibility to the Scheme is established by a Trust Deed and Scheme governing rules approved on 1 June 2012. Scheme Governing Rules and Trust Deed both of which are subject to Act 766 as amended, form the basis of establishing the Scheme.

Scheme Membership Statistics

The membership of the Scheme is as follows:

At 1 January 2023	36,405
Additions	2,850
Less: Withdrawals	<u>(188)</u>
At 31 December 2023	<u>39,067</u>
Active Members	25,766
Deferred Members	<u>13,301</u>
	<u>39,067</u>

Summary Statistics of Withdrawals

Transfer Out	18
Partial Withdrawal	1
Retirement (Statutory)	131
Retirement (Early)	31
Incapacitated Members	1
Death	<u>6</u>
	<u>188</u>

REPORT OF THE TRUSTEES (continued)

Investment report

Our role as Trustees in addition to other duties under the Scheme is to ensure that the investments of Stallion Retirement Fund are diversified to minimise investment risk. In this regard and in line with the National Pension Regulatory Authority (NPRA) investment guidelines, a good balance is established between the different types of securities in the portfolio with the view of achieving the best returns at a minimum investment risk.

Statement of investment principles

The Board of Trustees attest that Scheme funds have been invested with the objective of obtaining safe and fair returns in accordance with National Pensions Act, 2008 (Act 766) as amended. We confirm that the Scheme complied with the guidelines on investments relating to the limits on assets classes.

Investment strategy

The Fund's assets have not been allocated in accordance with the Statement of Investment Policy. However, the choice of investment instruments reflects our assessment of the economy and expected performance of the different asset classes.

Investment allocation

Under the terms of their appointment the fund managers are responsible for the investment of available funds. The overall responsibility for investment and performance lies with the Trustees. The Board of Trustees has formulated an on-going investment strategy as set out above, which is subject to change, as and when required.

The table below shows the Scheme's asset mix as set out in the Statement of Investment Policy and the actual asset mix at 31 December 2023.

Asset type	Maximum Allocation	Actual Allocation	Investment income earned	2023 Year end Value	2022 Year end Value
	%	%		GH¢	GH¢
Government securities	75	57.8	44,500,526	110,714,602	96,186,186
Local government	25	23.9	2,152,395	45,769,683	22,494,538
Money market and call deposits	35	7.4	1,120,580	14,271,560	10,331,175
Corporate debt securities	35	4.3	1,351,423	8,148,899	6,265,586
Equity instruments	20	5.2	1,005,464	9,886,376	2,300,281
Collective investments	15	1.4	-	2,878,198	3,141,487
Total		100	50,130,388	191,669,318	140,719,253

REPORT OF THE TRUSTEES (continued)

Financials

The statement of changes in net assets available for benefits as presented on page 12 shows an increase in the net assets of the Scheme for the year of GH¢55,563,431.

The statement of net assets available for benefits on page 13 shows the Scheme's net assets as at 31 December 2023 of GH¢192,329,308.

Expenses

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

Nature of expense	Maximum rate	Actual rate	2023	2022
	%p.a	%p.a	GH¢	GH¢
NPRA fees	0.33	0.33	572,230	411,740
Trustee and administrator fees	1.33	1.10	1,659,937	1,207,332
Pension fund custodian fees	0.28	0.20	277,539	200,424
Pension fund management fees	0.56	0.45	663,851	479,660
Auditor's remuneration	Not applicable		120,825	80,550
			3,294,382	2,379,706

Trustees

The current Board of Trustees during the year is indicated as below:

License number	Name	Position	Date of appointment	Date of exit
NPRA/ESOPS/13005/15367	Kweku Andoh Awotwi	Chairman	15-Aug-13	Not Applicable
NPRA/ESOPS/13005/15364	Desmond Afutu Nartey	Member	12-Nov-12	Not Applicable
NPRA/ESOPS/13005/15320	Charles Osei-Akoto	Member	12-Nov-12	Not Applicable
NPRA/ESOPS/13005/15365	Kwame-Gazo Agbenyadzie	Independent	12-Nov-12	Not Applicable
NPRA/ESOPS/13005/15271	Eva Okai	Member	14-Nov-20	Not applicable

Statutory requirements

The Trustees have complied with the requirements of the National Pensions Act, 2008 (Act 766) as amended by the Pensions Amendment Act 2014 (Act 883), Occupational and Personal Pension Schemes (General) Regulations, 2011, and Guidelines and Board Directives that have been issued.

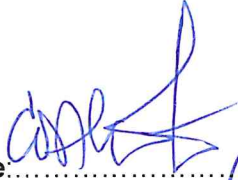
REPORT OF THE TRUSTEES (continued)

Auditor

The Scheme's auditor, PricewaterhouseCoopers, has expressed willingness to continue in office.

On behalf of the Board of Trustees

Name of Trustee CHARLES OSEI-AKOTO

Signature: 

Name of Independent Trustee: Kwame-Gazo Agbenyadzie

Signature: 

30th May 2024

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Occupational and Personal Pension Schemes (General) Regulations, 2011 requires the Trustees to prepare financial statements in a prescribed form for each financial year. It also requires the Trustees to ensure that the Scheme keeps proper accounting records of its income, expenditure, liabilities and assets, and the contributions are remitted to the custodian in accordance with the rules of the Scheme.

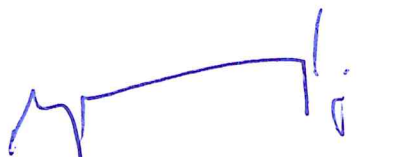
The Trustees accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards with the IAS 29 directive issued by the Institute of Chartered Accountants, Ghana (ICAG) and in the manner required by the Occupational and Personal Pension Schemes (General) Regulations, 2011. The Trustees further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

The Trustees certify that to the best of their knowledge and belief the information furnished to the auditor for the purposes of the audit was correct and complete in every respect.

For the Trustees



Trustee



Independent Trustee

30TH May 2024

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF STALLION RETIREMENT FUND**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Stallion Retirement Fund (the "Scheme") as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards with the IAS 29 directive issued by the Institute of Chartered Accountants, Ghana (ICAG) and in the manner required by the Occupational and Personal Pension Schemes (General) Regulations, 2011.

What we have audited

We have audited the financial statements of Stallion Retirement Fund for the year ended 31 December 2023.

The financial statements comprise:

- the statement of changes in net assets available for benefits for the year ended 31 December 2023;
- the statement of net assets available for benefits as at 31 December 2023;
- the statement of movements in net assets available for benefits for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising a summary of material accounting policy information and other explanatory information.

Basis for opinion

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

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

Independence

We are independent of the Scheme in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Scheme's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF STALLION RETIREMENT FUND (continued)**

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Modification loss on investment in debt securities</p> <p>The gross balance of government securities exchanged through the voluntary Debt Exchange Programme (DDEP or "the Programme") amounted to GH¢101.1 million. The associated modification loss from the exchange of the instruments was GH¢10.5 million.</p> <p>The Scheme exchanged certain domestic notes and bonds of the Republic of Ghana for new sets of instruments under the Programme announced by the Republic of Ghana. The modification loss for investment in debt securities is material to the financial statements in terms of magnitude and level of subjective judgement applied by management.</p> <p>The determination of fair values of the new instruments on the date of exchange was done using discounted cash flow models which estimated the discount factors for the categories of bonds exchanged in calculating the modification gain or loss on these bonds.</p> <p>The accounting policies, critical accounting estimates and judgements and modification loss are set out in notes 2.7.1vi, 3 and 11 to the financial statements.</p>	<p>We obtained an understanding of the DDEP based on the Exchange Memoranda issued by the Republic of Ghana.</p> <p>We assessed the reasonableness of the discount rates (key assumptions) used for determining the present value of cash flows expected from new bonds by:</p> <ul style="list-style-type: none"> • reviewing the methodology adopted in determining the discount rate and • reviewing the accuracy of the computation of the discount rate. <p>We tested the mathematical accuracy of the modification calculation on investment in debt securities.</p> <p>We assessed the appropriateness of the modification related disclosures for investment in debt securities in the financial statements in accordance with IFRS 9.</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STALLION RETIREMENT FUND (continued)

Other information

The trustees are responsible for the other information. The other information comprises the Trustees, advisers, and other information, Report of the Trustees and Statement of Trustees' Responsibilities but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards with the IAS 29 directive issued by the Institute of Chartered Accountants, Ghana (ICAG) and in the manner required by the Occupational and Personal Pension Schemes (General) Regulations, 2011, 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 Scheme'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 Scheme or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for overseeing the Scheme's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF STALLION RETIREMENT FUND (continued)**

Auditor's responsibilities for the audit of the financial statements (continued)

- 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 Scheme's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees;
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the trustees with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the trustees, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF STALLION RETIREMENT FUND (continued)**

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Occupational and Personal Pension Schemes (General) Regulations, 2011 requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the Scheme, so far as appears from our examination of those books; and
- iii) the Scheme's statement of net assets available for benefits and the Scheme's statement of changes in net assets available for benefits are in agreement with the books of account.
- iv) with respect to the provisions of Section 35 of the Occupational and Personal Pension Schemes (General) Regulations, 2011, we did not identify any instances of non-compliance based on procedures we performed.

The engagement partner on the audit resulting in this independent auditor's report is Destiny Selorm Attatsitsey (ICAG/P/1619).



PricewaterhouseCoopers (ICAG/F/2024/028)
Chartered Accountants
Accra, Ghana
31 May 2024



Stallion Retirement Fund
Financial Statements
for the year ended 31 December 2023

Statement of changes in net assets available for benefits
(All amounts are in Ghana cedis)

	Note	Year ended 31 December	
		2023	2022
Dealings with members			
Contributions	4	19,394,756	15,109,306
Transfers in	5	3,822,423	1,017,803
Transfers out	6	(377,494)	(312,617)
Benefits expense	7	<u>(4,456,590)</u>	<u>(2,546,803)</u>
Net additions from dealings with members		<u>18,383,095</u>	<u>13,267,689</u>
Returns on investments			
Investment income	8	50,130,388	23,525,168
Less: Investment fee	9	<u>(72,598)</u>	<u>(10,129)</u>
Net investment income		<u>50,057,790</u>	<u>23,515,039</u>
Net gain/(loss) on investment securities	12	2,584,848	(90,954)
Modification loss	11	(10,543,985)	-
Impairment charge	11	(1,623,935)	(5,922,667)
Administrative expenses	10	<u>(3,294,382)</u>	<u>(2,379,706)</u>
Increase in net assets for the year		<u>55,563,431</u>	<u>28,389,401</u>

The notes on pages 16 to 36 are an integral part of these financial statements.

Stallion Retirement Fund
 Financial Statements
 for the year ended 31 December 2023

Statement of net assets available for benefits
 (All amounts are in Ghana cedis)

		At 31 December	
	Note	2023	2022
Assets			
Hold to collect financial assets	11	174,416,089	120,548,085
Equity securities and mutual funds	12	12,764,574	5,441,768
Contributions receivable	13	4,327,301	3,351,303
Cash and bank balance	14	<u>1,317,141</u>	<u>7,766,907</u>
Total assets		<u>192,825,105</u>	<u>137,108,063</u>
Liabilities			
Administrative expenses payable	15	<u>495,797</u>	<u>342,186</u>
Total liabilities		<u>495,797</u>	<u>342,186</u>
Total assets less liabilities		<u>192,329,308</u>	<u>136,765,877</u>
Represented by:			
Net assets available for benefits		<u>192,329,308</u>	<u>136,765,877</u>

The notes on pages 16 to 36 are an integral part of these financial statements.

The financial statements on pages 12 to 36 were approved for issue by the Trustees on ^{30th} May 2024 and signed on their behalf by:

Trustee

Trustee

Stallion Retirement Fund
Financial Statements
for the year ended 31 December 2023

Statement of movement in net assets available for benefits
(All amounts are in Ghana cedis)

	<u>Year ended 31 December</u>	
	2023	2022
Net assets available for benefits		
At 1 January	136,765,877	108,376,476
Increase in net assets	<u>55,563,431</u>	<u>28,389,401</u>
At 31 December	<u>192,329,308</u>	<u>136,765,877</u>

The notes on pages 16 to 36 are an integral part of these financial statements.

Stallion Retirement Fund
Financial Statements
for the year ended 31 December 2023

Statement of cash flows

(All amounts are in Ghana cedis)

		Year ended 31 December	
	Note	2023	2022
Cash flows from operating activities			
Contributions received		18,424,678	13,997,340
Transfers received	5	3,822,423	1,017,803
Transfers paid	6	(377,494)	(312,617)
Benefits expense paid		(4,456,589)	(2,546,803)
Administrative expenses paid		<u>(3,213,369)</u>	<u>(2,288,604)</u>
Net cash generated from operating activities		<u>14,199,649</u>	<u>9,867,119</u>
Cash flows from investing activities			
Investment income received		31,789,054	17,982,764
Dividend	8	1,005,464	326,144
Purchase of hold to collect financial assets	11	(244,049,860)	(57,493,984)
Purchase of collective and mutual investment	12	(4,815,080)	(1,616,230)
Proceeds from redemption of hold to collect investments	11	195,343,885	38,092,676
Proceeds from sale of equity securities	12	<u>77,122</u>	<u>197,553</u>
Net cash used in investing activities		<u>(20,649,415)</u>	<u>(2,511,077)</u>
(Decrease)/increase in cash and cash equivalents		<u>(6,449,766)</u>	<u>7,356,042</u>
Movement in cash and cash equivalents			
At start of year	14	7,766,907	410,865
(Decrease)/increase in cash and cash equivalents		<u>(6,449,766)</u>	<u>7,356,042</u>
At end of year	14	<u>1,317,141</u>	<u>7,766,907</u>

The notes on pages 16 to 36 are an integral part of these financial statements.

NOTES

1. Scheme information

Stallion Retirement Fund (the “Scheme”) is a defined contribution plan and provides, under the rules of the Scheme, retirement benefits for the staff of the participants. It is a tax exempt approved plan under the National Pensions Act, 2008 (Act 766) and is registered with the National Pensions Regulatory Authority (NPRA). The registered office of the Scheme is 3rd Floor Gulf House, Tetteh Quarshie Interchange, Airport West, Accra.

2. Summary of material accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) with the IAS 29 directive issued by the Institute of Chartered Accountants, Ghana (ICAG) and in the manner required by the Pensions Act, 2008 (Act 766) as amended and the Occupational and Personal Pension Schemes (General) Regulations, 2011. The financial statements have been prepared under the historical cost convention as modified by the financial assets measured at fair value.

The ICAG issued a directive in November 2023 to accountants in business and accountants in practice, together with an update in January 2024 on the application of IAS 29 in Ghana. The ICAG asserts in the directive that based on its analysis of the quantitative and qualitative indicators referred to in IAS 29, Ghana was not a hyperinflationary economy as of December 2023, therefore, IAS 29 will not be applicable for December 2023 financial reporting period. In compliance with the directive, the financial statements of the Scheme, including the comparative figures, have not been stated in terms of the measuring unit current at the end of the reporting period.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Scheme’s accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2.2 Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Scheme

The Scheme has applied the following standards and interpretations for the first time to financial reporting periods commencing on or after 1 January 2023:

- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8
- Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(ii) New and amended standards not yet adopted by the Scheme

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Scheme. These

standards are not expected to have a material impact on the scheme in the current or future reporting periods and on foreseeable future transactions.

NOTES (continued)

2. Summary of material accounting policies (continued)

2.3 Contributions

Contributions from members and employers are recognised for in the period in which they fall due.

2.4 Transfers

Transfers are recognised in the period in which members join from other schemes or leave for other schemes.

2.5 Benefits payable

Benefits payable to seceding members are recognised as liabilities in the period in which they fall due.

2.6 Income from investments

Interest income is recognised for all interest-bearing instruments using the effective interest method. Interest income includes coupons earned on fixed income investments and accrued discount and premium on treasury bills and other discounted instruments.

Dividends are recognised as income in the period in which the right to receive payment is established.

2.7 Financial assets and financial liabilities

2.7.1 Financial assets

Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets – assets that are credit-impaired at initial recognition – the Scheme calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Scheme revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

NOTES (continued)

2. Summary of material accounting policies (continued)

2.7 Financial assets and financial liabilities (continued)

2.7.1 Financial assets (continued)

Measurement methods (continued)

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Scheme commits to purchase or sell the asset.

At initial recognition, the Scheme measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost in profit or loss.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- (a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- (b) In all other cases, the differences is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

(i) Classification and subsequent measurement

The Scheme applies IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through the statement of changes in net assets available for benefits; or
- Amortised cost.

The classification requirements for debt instruments is described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and investment securities.

NOTES (continued)

2. Summary of material accounting policies (continued)

2.7 Financial assets and financial liabilities (continued)

2.7.1 Financial assets (continued)

Measurement methods (continued)

(i) Classification and subsequent measurement (continued)

Debt instruments (continued)

Classification and subsequent measurement of debt instruments depend on:

- the Scheme's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Scheme classifies its debt instruments into some of the following three measurement categories:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represents solely payments of principal and interest ('SPPI'), and that are not designated at fair value through the statement of changes in net assets available for benefits, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method
- **Fair value through the statement of changes in net assets available for benefits:** Assets that do not meet the criteria for amortised cost are measured at fair value through statement of changes in net assets available for benefits. A gain or loss on a debt investment that is subsequently measured at fair value which is not part of a hedging relationship is recognised and presented in the statement of changes in net assets available for benefits within 'Net gain on investment securities' in the period in which it arises. Interest income from these financial assets is included in 'Investment income' using the effective interest rate method.
- **Business model:** The business model reflects how the Scheme manages the assets in order to generate cash flows. That is, whether the Scheme's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at fair value through the statement of changes in net assets available for benefits. Factors considered by the Scheme in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at fair value through the statement of changes in net assets available for benefits.

NOTES (continued)

2. Summary of material accounting policies (continued)

2.7 Financial assets and financial liabilities (continued)

2.7.1 Financial assets (continued)

Measurement methods (continued)

(i) Classification and subsequent measurement (continued)

Debt instruments (continued)

- *SPPI*: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Scheme assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Scheme considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The Scheme reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Scheme subsequently measures all equity investments at fair value through the statement of changes in net assets available for benefits. Dividends, when representing a return on such investments, continue to be recognised as investment income when the Scheme's right to receive payments is established.

(ii) Impairment

The Scheme assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and with the exposure arising from loan commitments and financial guarantee contracts. The Scheme recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

NOTES (continued)

2. Summary of material accounting policies (continued)

2.7 Financial assets and financial liabilities (continued)

2.7.1 Financial assets (continued)

Measurement methods (continued)

(iii) Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Scheme transfers substantially all the risks and rewards of ownership, or (ii) the Scheme neither transfers nor retains substantially all the risks and rewards of ownership and the Scheme has not retained control.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of changes in net assets available for benefits. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Scheme is recognised as a separate asset or liability.

(iv) Determination of fair values

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the reporting dates.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Scheme holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk. Based on the established fair value model governance policies, and related controls and procedures applied, directors believes that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value in the statement of financial position. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary.

NOTES (continued)

2. Summary of material accounting policies (continued)

2.7 Financial assets and financial liabilities (continued)

2.7.1 Financial assets (continued)

Measurement methods (continued)

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously.

(vi) Modification of financial assets

If the Scheme renegotiates the terms of financial assets which are substantially different, it derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Scheme also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the renegotiated terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Scheme recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

2.7.2 Financial liabilities

a) Classification

The Scheme classifies its financial liabilities as measured at amortised cost.

b) Measurement

The 'amortised cost' of a financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, 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.

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of changes in net assets available for benefits.

NOTES (continued)

2. Summary of material accounting policies (continued)

2.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. They are measured initially at fair value and subsequently at amortised cost.

3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying values of the assets and liabilities within the next financial year are discussed below.

(a) *Measurement of the expected credit loss allowance*

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios and the associated ECL.

Significant increase in credit risk (SICR)

The Scheme considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:

The remaining Lifetime PD at the reporting date has increased, compared to the residual Lifetime PD expected at the reporting date when the exposure was first recognised.

Qualitative criteria:

If the instrument meets one or more of the following criteria:

- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Early signs of cash flow or liquidity problems such as delay in servicing of trade creditors/loans.

Stallion Retirement Fund

Financial Statements

for the year ended 31 December 2023

NOTES (continued)

3. Critical accounting estimates and judgements (continued)

(a) Measurement of the expected credit loss allowance (continued)

Significant increase in credit risk (SICR) (continued)

Qualitative criteria (continued):

The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness.

Backstop

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

Low Credit Risk Exemption

The Scheme has not used the low credit risk exemption for any financial instruments in the period ended 31 December 2023.

Definition of default and credit-impaired assets

The Scheme defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- It is becoming probable that the borrower will enter bankruptcy

The criteria above have been applied to all financial instruments held by the Scheme and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Scheme's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months.

NOTES (continued)

3. Critical accounting estimates and judgements (continued)

(a) Measurement of the expected credit loss allowance (continued)

Significant increase in credit risk (SICR) (continued)

Measuring ECL — Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Scheme's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

NOTES (continued)

3. Critical accounting estimates and judgements (continued)

(a) Measurement of the expected credit loss allowance (continued)

Significant increase in credit risk (SICR) (continued)

Measuring ECL — Explanation of inputs, assumptions and estimation techniques (continued)

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a category of asset from the point of initial recognition throughout the lifetime of the asset. The maturity profile is based on historical observed data and is assumed to be the same across all assets within the same category. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the ECL calculation are monitored and reviewed on a quarterly basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

b) Determining fair values

The determination of fair values for financial assets for which there is no observable market price requires the use of valuation models. The fair value hierarchy of the financial assets of the Scheme is set out in note 17.

c) Hold to collect financial assets

The Scheme classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as hold to collect. This classification requires significant judgement. In making this judgement, the Scheme uses the Business model and Solely for Payment of Principal and Interest (SPPI) model to assess that the purpose for holding these assets was to collect the contractual cash flows associated with the assets. If the Scheme were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Scheme is required to reclassify the entire category as hold to collect and sell. Accordingly, the investments would be measured at fair value instead of amortised cost.

Stallion Retirement Fund
Financial Statements
for the year ended 31 December 2023

NOTES (continued)

(All amounts are in Ghana cedis)

4. Contributions	2023	2022
Members' contributions	<u>19,394,756</u>	<u>15,109,306</u>
5. Transfers in		
Transfer from other schemes	<u>3,822,423</u>	<u>1,017,803</u>
6. Transfers out		
Transfers due to changes in employer	<u>377,494</u>	<u>(312,617)</u>
The transfer from other schemes is in respect of accumulated contributions of new members joining the scheme following change of employer.		
7. Benefits expense	2023	2022
Amounts paid to members as benefits	<u>4,456,590</u>	<u>2,546,803</u>
8. Investment income		
Government of Ghana securities	46,656,564	21,371,272
Money market instruments	853,179	477,228
Corporate bonds	1,347,779	1,210,959
Dividend income	1,005,464	326,144
Interest on call deposit	<u>267,402</u>	<u>139,565</u>
	<u>50,130,388</u>	<u>23,525,168</u>
9. Investment fee		
Transaction charges	<u>72,598</u>	<u>10,129</u>
10. Administrative expenses		
National Pensions Regulatory Authority	572,230	411,740
Fund Administration	1,596,086	1,167,082
Trustee fees	63,851	40,250
Pension fund manager fees	663,851	479,660
Pension fund custodian fees	277,539	200,424
Auditor's remuneration	<u>120,825</u>	<u>80,550</u>
	<u>3,294,382</u>	<u>2,379,706</u>

Stallion Retirement Fund
Financial Statements
for the year ended 31 December 2023

NOTES (continued)

(All amounts are in Ghana cedis)

11. Hold to collect financial assets

	2023	2022
Government of Ghana securities	154,000,296	111,817,899
Fixed deposits	12,954,420	2,564,268
Corporate bonds	<u>7,461,373</u>	<u>6,165,918</u>
	<u>174,416,089</u>	<u>120,548,085</u>
Current	47,175,568	13,462,315
Non-current	<u>127,240,521</u>	<u>107,085,770</u>
	<u>174,416,089</u>	<u>120,548,085</u>

The movement in hold to collect financial assets carried at amortised cost is as follows:

Year ended 31 December 2023

	Government of Ghana securities	Fixed deposits	Corporate bonds	Total
Gross assets:				
At start of year	118,680,724	2,564,268	6,265,586	127,510,578
Purchases at cost	206,005,237	35,795,623	2,249,000	244,049,860
Redemptions	(169,197,215)	(25,617,790)	(528,880)	(195,343,885)
Interest receivable	11,539,523	212,319	163,193	11,915,035
Modification loss	<u>(10,543,985)</u>	-	-	<u>(10,543,985)</u>
At end of year	<u>156,484,284</u>	<u>12,954,420</u>	<u>8,148,899</u>	<u>177,587,603</u>
Impairment provision:				
At start of year	(6,364,290)	-	(598,203)	(6,962,493)
Derecognition of impairment	5,414,914	-	-	5,414,914
Charge for the year	<u>(1,534,612)</u>	-	<u>(89,323)</u>	<u>(1,623,935)</u>
At end of year	<u>(2,483,988)</u>	-	<u>(687,526)</u>	<u>(3,171,514)</u>
Net financial assets	<u>154,000,296</u>	<u>12,954,420</u>	<u>7,461,373</u>	<u>174,416,089</u>

The gross balance of government securities exchanged through the voluntary DDEP amounted to GH¢101.1 million.

Stallion Retirement Fund
Financial Statements
for the year ended 31 December 2023

NOTES (continued)

(All amounts are in Ghana cedis)

11. Hold to collect financial assets (continued)

Year ended 31 December 2022

	Government of Ghana securities	Fixed deposits	Certificates of deposit	Corporate bonds	Total
Gross assets:					
At start of year	94,863,184	2,693,299	351,174	4,985,351	102,893,008
Purchases at cost	50,415,480	4,259,800	948,454	1,870,250	57,493,984
Redemptions	(31,304,444)	(4,648,799)	(1,299,628)	(839,805)	(38,092,676)
Unamortized discount	(1,807,693)	-	-	-	(1,807,693)
Interest receivable	<u>6,514,197</u>	<u>259,968</u>	<u>-</u>	<u>249,790</u>	<u>7,023,955</u>
At end of year	<u>118,680,724</u>	<u>2,564,268</u>	<u>-</u>	<u>6,265,586</u>	<u>127,510,578</u>
Impairment provision:					
At start of year	(494,026)	(41,997)	(5,268)	(498,535)	(1,039,826)
Charge for the year	<u>(5,870,264)</u>	<u>41,997</u>	<u>5,268</u>	<u>(99,668)</u>	<u>(5,922,667)</u>
At end of year	<u>(6,364,290)</u>	<u>-</u>	<u>-</u>	<u>(598,203)</u>	<u>(6,962,493)</u>
Net financial assets	<u>112,316,434</u>	<u>2,564,268</u>	<u>-</u>	<u>5,667,383</u>	<u>120,548,085</u>

Hold to collect financial assets are carried at amortised cost.

12. Equity securities and mutual funds

	2023	2022
Equity securities	9,886,376	2,300,281
Mutual fund	<u>2,878,198</u>	<u>3,141,487</u>
	<u>12,764,574</u>	<u>5,441,768</u>

The movement in equity securities and mutual funds carried at fair value is as follows:

Year ended 31 December 2023

	Equity Securities	Mutual Fund	Total
At start of year	2,300,281	3,141,487	5,441,768
Purchases	4,815,080	-	4,815,080
Redemptions	(77,122)	-	(77,122)
Fair value gain/(loss)	<u>2,848,137</u>	<u>(263,289)</u>	<u>2,584,848</u>
At end of year	<u>9,886,376</u>	<u>2,878,198</u>	<u>12,764,574</u>

NOTES (continued)

(All amounts are in Ghana cedis)

12. Equity securities and mutual funds (continued)

Year ended 31 December 2022

	Equity Securities	Mutual Fund	Total
At start of year	1,136,346	2,977,699	4,114,045
Purchases	1,616,230	-	1,616,230
Redemptions	(189,553)	(8,000)	(197,553)
Fair value loss	<u>(262,742)</u>	<u>171,788</u>	<u>(90,954)</u>
At end of year	<u>2,300,281</u>	<u>3,141,487</u>	<u>5,441,768</u>

All equity securities are listed on the Ghana Stock Exchange.

13. Contributions receivable

2023

2022

Members' contribution receivable:

For less than 30 days	1,492,241	1,290,827
Between 30 and 60 days	363,622	275,618
Between 60 and 90 days	255,071	357,900
More than 90 days	<u>2,216,367</u>	<u>1,426,958</u>
	<u>4,327,301</u>	<u>3,351,303</u>

14. Cash and bank balance

Cash at bank	<u>1,317,141</u>	<u>7,766,907</u>
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15. Administrative expenses payable

National Pensions Regulatory Authority fees payable	56,650	39,148
Trustees' fees payable	9,000	9,750
Fund administration fee payable	157,137	111,166
Pension Fund Assets Manager fees payable	65,688	45,710
Pension Fund Custodian fees payable	27,361	19,092
Audit fees payable	<u>179,961</u>	<u>117,320</u>
	<u>495,797</u>	<u>342,186</u>

All administrative expenses payable are current.

NOTES (continued)

(All amounts are in Ghana cedis)

16. Financial risk management objectives and policies

The Trustees have overall responsibility for the establishment and oversight of the Scheme's Risk Management framework. The Scheme's Risk Management policies are established to identify and analyse the risk faced by the Scheme, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Trustees, through the standards and procedures aim to develop a disciplined and constructive control environment, in which all Trustees understand their roles and obligations. The Trustees are responsible for monitoring compliance with risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to risks faced by the Scheme.

16.1 Market risk

Foreign exchange risk

The Scheme is not exposed to foreign exchange risk because financial assets and liabilities are not denominated in any foreign currency.

Interest rate risk

The Scheme's investments in fixed rate government securities and bank deposits does not expose it to fair value interest rate risk. The Scheme does not currently hold variable rate interest investment and none of its investments are carried at fair value. The investment managers advise the Trustees on the appropriate mix of the portfolio between equity, fixed rate interest and variable rate interest investments. The Scheme has no interest bearing liabilities.

At 31 December 2023	Up to 1 year	2 to 5 years	Over 5 years	Non interest bearing	Total
Financial assets					
Cash and bank balance	1,317,141	-	-	-	1,317,141
Contributions receivable	-	-	-	4,327,301	4,327,301
Fixed deposits	12,954,420	-	-	-	12,954,420
Corporate bonds	-	4,209,206	3,252,167	-	7,461,373
Government of Ghana securities	<u>36,935,565</u>	<u>8,834,118</u>	<u>108,230,613</u>	-	<u>154,000,296</u>
	<u>51,207,126</u>	<u>13,043,324</u>	<u>111,482,780</u>	<u>4,327,301</u>	<u>180,060,531</u>

NOTES (continued)

(All amounts are in Ghana cedis)

16. Financial risk management objectives and policies (continued)

16.1 Market risk (continued)

At 31 December 2022	Up to 1 year	2 to 5 years	Over 5 years	Non interest bearing	Total
Financial assets					
Cash and bank balance	7,766,907	-	-	-	7,766,907
Contributions receivable	-	-	-	3,351,303	3,351,303
Fixed deposits	2,564,268	-	-	-	2,564,268
Corporate bonds	-	1,608,590	4,058,793	-	5,667,383
Government of Ghana securities	<u>10,898,047</u>	<u>54,206,344</u>	<u>47,212,043</u>	<u>-</u>	<u>112,316,434</u>
	<u>21,229,222</u>	<u>55,814,934</u>	<u>51,270,836</u>	<u>3,351,303</u>	<u>131,666,295</u>

Other price risk

The Fund is exposed to equity price risk in respect of its investments in equity securities listed on the Ghana Stock Exchange and mutual funds. The exposure to price risk is managed primarily by setting limits on the composition of net assets available for benefits that may be invested in equity and by ensuring sufficient diversity of the investment portfolio.

At 31 December 2023, if the prices of these equity securities and mutual fund units had increased/decreased by 10% with all other variables held constant, the 'increase in net assets available for benefits' for the year would have been GH¢1,335,142 (2022: GH¢230,028) higher/lower.

16.2 Credit risk

Credit risk arises from investments other than equity investments, contributions due, other receivables and cash and cash equivalents. The Scheme does not have any significant concentrations of credit risk. The investment manager assesses the credit quality of each investment and investment decisions are made based on the objectives and strategies approved by the Trustees.

NOTES (continued)

(All amounts are in Ghana cedis)

16. Financial risk management objectives and policies (continued)

16.2 Credit risk (continued)

The Scheme invests in Government of Ghana securities and fixed deposits held with banks licensed by the Bank of Ghana. No collateral is held for any of the financial assets.

The carrying amount of financial assets represents the maximum credit exposure. The amount that represent the maximum exposure to credit risk are made up of as follows:

	2023	2023		2022
	Stage 1	Stage 2	Total	Total
Cash and bank balance	1,317,141	-	1,317,141	7,766,907
Contributions receivable	4,327,301	-	4,327,301	3,351,303
Money market instruments	12,954,420	-	12,954,420	2,564,268
Government of Ghana securities and corporate bonds	<u>-</u>	<u>164,633,183</u>	<u>164,633,183</u>	<u>124,946,310</u>
	<u>18,598,862</u>	<u>164,633,183</u>	<u>183,232,045</u>	<u>138,628,788</u>

Cash and cash equivalents and contributions receivable are neither past due nor impaired.

	2023	2022
Gross amount	177,587,603	127,510,578
Allowance for impairment	<u>(3,171,514)</u>	<u>(6,962,493)</u>
	<u>174,416,089</u>	<u>120,548,085</u>

The allowance for impairment recognised on the above debt securities is in respect of fixed deposits and local corporate bonds.

Impact of Ghana's Domestic Debt Exchange Programme (DDEP) on investment securities

On 31 July 2023, the Government of Ghana announced the pensions' Domestic Debt Programme (DDEP). The Programme invited eligible bondholders to voluntarily exchange eligible local currency bonds issued by the Government of Ghana, ESLA and Daakye bonds for a new series of bonds to be issued by the Government.

The Programme sought to extend the tenures of the eligible securities and reduce their coupons to an effective rate of about 22.35%. The Government also explained that the holders of the old bills will receive two (2) new bonds that mature in 2027 and 2028 at the rates of 58% and 57% for each year respectively. Also, included as part of the exchange is an interest only bond ending in 2027 and 2028 in the ratio of 50% and 50% for both years.

The Scheme assessed the bonds eligible for exchange under the DDEP as credit-impaired. As a result, the carrying amounts of the existing bonds were reduced to the fair value of the new bonds calculated as the present value of the cash flows using discount rates of 22.54%.

NOTES (continued)

(All amounts are in Ghana cedis)

16. Financial risk management objectives and policies (continued)

16.2 Credit risk (continued)

Impact of Ghana's Domestic Debt Exchange Programme (DDEP) on investment securities (continued)

The difference between the fair value of the new instruments and the carrying amount of the original assets was recognised as modification gain or losses in the statement of comprehensive income.

There was no impairment charge recognized on these instruments for the year ended 31 December 2023.

16.3 Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances to cover anticipated benefit payments. The Trustees agree with the investment manager on the amount to be invested in assets that can be easily liquidated. The financial obligations of the Scheme relate to administrative fees payable of GH¢495,797 (2022: GH¢342,186) which are all current.

16.4 Capital risk management

The capital of the Scheme is represented by the net assets available for benefits. The amount of net assets available for benefits can change significantly on a monthly basis, as the Scheme is subject to monthly contributions existing and new members; and withdrawals by members who qualify under the National Pensions Act, 2008 (Act 766) as amended. The Scheme's objective when managing capital is to safeguard the Scheme's ability to continue as a going concern in order to provide benefits for members and maintain a strong capital base to support the development of the investment activities of the Scheme.

In order to maintain or adjust the capital structure, the Scheme's policy is to monitor the level of monthly contributions and redemptions relative to the assets it expects to be able to liquidate. The Trustees monitor capital on the basis of the value of net assets attributable to members.

NOTES (continued)

(All amounts are in Ghana cedis)

17. Fair value estimation

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Scheme's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted prices (adjusted) in active markets for identical assets or liabilities. This level includes equity securities listed on the Ghana Stock Exchange.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy of the financial assets of the Scheme at the end of the year are as follows:

At 31 December 2023	Level 1	Level 2
Equity securities	<u>9,886,376</u>	<u>-</u>
Mutual fund	<u>-</u>	<u>2,878,198</u>
At 31 December 2022		
Equity securities	<u>2,300,281</u>	<u>-</u>
Mutual fund	<u>-</u>	<u>3,141,487</u>

18. Financial instruments by category

At 31 December 2023	Fair value through profit or loss	Hold to collect	Total
Equity securities	9,886,376	-	9,886,376
Mutual fund	2,878,198	-	2,878,198
Fixed income securities	-	174,416,089	174,416,089
Cash and cash equivalents	-	1,317,141	1,317,141
Contributions receivable	<u>-</u>	<u>4,327,301</u>	<u>4,327,301</u>
	<u>12,764,574</u>	<u>180,060,531</u>	<u>192,825,105</u>

Stallion Retirement Fund
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NOTES (continued)

(All amounts are in Ghana cedis)

18. Financial instruments by category (continued)

At 31 December 2022	Fair value through profit or loss	Hold to collect	Total
Equity securities	2,300,281	-	2,300,281
Mutual fund	3,141,487	-	3,141,487
Fixed income securities	-	120,548,085	120,548,085
Cash and cash equivalents	-	7,766,907	7,766,907
Contributions receivable	-	<u>3,351,303</u>	<u>3,351,303</u>
	<u>5,441,768</u>	<u>131,666,295</u>	<u>137,108,063</u>

The fair value of hold to collect financial assets at the reporting date amounts to GH¢193,913,796 (2022: GH¢106,792,656).

Other financial liabilities at amortised cost

	2023	2022
Administrative expenses payable	<u>495,797</u>	<u>342,186</u>

19. Tax status of the scheme

Stallion Retirement Fund has been approved by the National Pensions Regulatory Authority and is exempt from income tax on its investment income in accordance with Section 112 (4) and Section 94 (2) of the Internal Revenue Act 2015 (Act 896) as amended.

20. Related party transactions

The related parties are the Trustees and the Members of the Scheme. Transactions and balances with related parties are in respect of fees, contributions and benefits disclosed in Notes 4,5,6,7,10,13 and 15.

21. Contingencies and commitments

There are no outstanding commitments or contingences as at 31 December 2023 (2022: nil).

22. Subsequent events

The Trustees are not aware of any material events that have occurred between the date of the statement of net assets available for benefits and the date the financial statements are approved that require disclosure in or adjustment to the financial statements.