

**Ghana Infrastructure Investments  
Fund**

**Report and Financial Statements  
31 December 2021**

# Ghana Infrastructure Investment Fund

## Report and financial statements

For the year ended 31 December 2021

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# Ghana Infrastructure Investment Fund

## Corporate information

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### **Governing Board**

Phillip Addison, Esq. (Chairman)  
Eric Okyere Darko  
Theresa Afua Oparebea Ayoade  
Collins Adomako- Mensah  
Nana Afua K. Ababio  
Cecilia Hesse  
George Kumi  
Kwabena M. J. Nyarko  
Solomon Asamoah (Chief Executive Officer)

### **Independent auditors**

Deloitte & Touché  
Chartered Accountants  
The Deloitte Place, Plot No. 71  
Off George Walker Bush Highway  
North Dzorwulu  
P. O. Box GP 453, Accra

Boateng, Offei & Co.  
Chartered Accountants, Tax, Business Advisory  
Services  
Correspondent Firm, Grant Thornton  
International  
9 Bissan Avenue, East Legon  
P.O. Box CT718  
Cantonments, Accra.

### **Registered office**

World Trade Center  
PO Box CT 9300  
Accra

### **Company secretary**

Harriet Abban  
Head of Legal  
Ghana Infrastructure Investment Fund.

### **Bankers:**

United Bank for Africa (Ghana) Limited  
Agricultural Development Bank Ghana Limited  
Fidelity Bank Ghana Limited  
Consolidated Bank Ghana Limited  
Prudential Bank Ghana Limited

# Ghana Infrastructure Investment Fund

## Corporate information

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### **BOARD COMMITTEES**

#### **Investment and Finance Committee**

George Kumi (Chairperson)  
Solomon Asamoah (CEO)  
Theresa- Afua Oparebea Ayoade  
Cecilia Hesse  
Nana Afua K. Ababio

#### **Audit Committee**

Nana Afua K. Ababio (Chairperson)  
Kwabena M. J. Nyarko  
Collins Adomako- Mensah  
Solomon Asamoah

#### **Risk and Compliance Committee**

Theresa- Afua Oparebea Ayoade (Chairperson)  
Cecilia Hesse  
Solomon Asamoah  
George Kumi  
Eric Okyere Darko

#### **Human Resource and Legal Committee**

Eric Okyere Darko (Chairperson)  
Solomon Asamoah  
Collins Adomako Mensah  
Kwabena Nyarko

# Ghana Infrastructure Investment Fund

## Report of the Directors to the Minister for Finance

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### Report of the Governing Board

The Governing Board presents its report together with the audited financial statements of the Fund for the year ended 31 December 2021, which discloses the state of affairs of the Ghana Infrastructure Investment Fund.

### Statement of the Governing Board's responsibilities

The Ghana Infrastructure Investment Fund Act, 2014 (Act 877) as amended by the Ghana Infrastructure Investment Fund (Amendment) Act, 2021 (Act 1063) requires the Governing Board to prepare financial statements that give a true and fair view of the state of affairs of the Ghana Infrastructure Investment Fund as at the end of the year. The Governing Board is required to ensure proper accounting records are kept that disclose with reasonable accuracy, performance of the Fund for each year.

The Governing Board accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies in conformity with International Financial Reporting Standards.

The Governing Board further accepts responsibility for the proper maintenance of accounting records that may be relied upon in the preparation of these financial statements, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements.

The Governing Board considers the state of affairs of the Fund to be satisfactory and have made an assessment of the Fund's ability to continue as a going concern and have no reason to believe the Fund will not be a going concern in the year ahead.

### Principal activities

The Fund's objective is to mobilise, manage, coordinate and provide financial resources for investment in a diversified portfolio of infrastructure projects in Ghana for national development.

### Financial results

The key financial indicators of the fund are as follows:

	<b>2021</b>	2020
	<b>GHS'000</b>	GHS'000
Total assets	<b>2,647,117</b>	2,069,278
Contribution by Government of Ghana	<b>1,243,679</b>	1,123,557
Profit for the year	<b>232,660</b>	197,007
Return on assets	<b>9%</b>	10%

## Ghana Infrastructure Investment Fund

# Report of the Directors to the Minister for Finance

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### Shareholding

Ghana Infrastructure Investment Fund is fully owned (100%) by the Government of Ghana.

### Capacity building for the governing board

There was no capacity building for the governing board for the year under review.

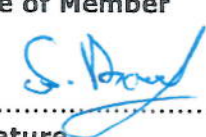
### Auditor and audit fees

In accordance with Section 139 (1) of the Companies Act, 2019 (Act 992) the auditors, Messrs. Deloitte & Touché and Boateng, Offei & Co, have been appointed to act in office as auditors of the company. As of 31 December 2021, the amount payable in respect of audit fees was GHS 182,500, (2020 fees to PWC: GHS 146,000).

### Approval of the financial statements

The financial statements of the Fund, as indicated above, were approved by the governing board on.....30 June.....2022 and are signed on their behalf by:

Philip Addison  
.....  
**Name of Member**  
  
.....  
**Signature**  
**Date:** 30 June 2022

SOLOMON ASAMOAX  
.....  
**Name of Member**  
  
.....  
**Signature**  
**Date:** 30 June 2022

# Ghana Infrastructure Investment Fund

## Corporate Governance

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### **Corporate Governance**

The Fund is established as a body corporate under the Ghana Infrastructure Investment Fund Act, 2014 (Act 877) as amended by the Ghana Infrastructure Investment Fund (Amendment) Act, 2021 (Act 1063).

### ***The Governing Board***

The Governing Board consists of a Chairperson, the Chief Executive Officer of the Fund, and seven other members. The members of the Board are appointed by the President of Ghana. The tenure of the Board is designed to enhance independence, continuity and institutional memory.

The independent Board is responsible for setting the institution's strategic direction, leading and controlling the institution and monitoring activities of executive management. The management and officers of the Fund manage the day-to-day function of the Fund under the policy direction and programmes approved by the Board.

The Board currently has the following sub-committees, each with its terms of reference:

- i. The Investment and Finance Committee
- ii. Audit Committee
- iii. Risk Management Committee
- iv. Human Resource and Legal Committee

### ***The Advisory Committee***

The Act establishes an Advisory Committee with the responsibility of advising the Board within the confines of National policy guidelines on infrastructure investment. It comprises a Chairperson, who is the Minister responsible for Finance, the Governor of the Bank of Ghana, the Director-General of the National Development Planning Committee and two other persons from the private sector.

The members of the Committee are appointed by the President of the Republic of Ghana in accordance with article 70 of the Constitution of Ghana. The Committee is expected to observe the independence of the Board in the discharge of their duties.

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+233 (0) 573 233 718 / 9  
Email: [boc@boatengoffei.com](mailto:boc@boatengoffei.com)

# Independent auditor's report To the Shareholders of Ghana Infrastructure Investment Fund

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Ghana Infrastructure Investment Fund which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, the notes to the financial statements including a summary of significant accounting policies and other national disclosures.

In our opinion, the financial statements give a true and fair view of the financial position of Ghana Infrastructure Investment Fund as at 31 December 2021 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards for Entities, and in the manner required by the Companies Act, 2019 (Act 992) and the Ghana Infrastructure Investment Fund Act, 2014 (Act 877) as amended by the Ghana Infrastructure Investment Fund (Amendment ) Act, 2021 (Act 1063)

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the requirements of the International Federation of Accountants Code of Ethics for Professional Accountants (including International Independent Standards) (the Code) issued by the International Ethics and Standards Board for Accountants (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Ghana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of financial statements in Ghana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The directors are responsible for the other information. The other information comprises the report of the directors and statement of directors' responsibilities which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

## **Independent auditor's report To the members of Ghana Infrastructure Investment Fund**

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 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.

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if 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 Governing Board for the Financial Statements**

The Governing Board is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the requirements of the Companies Act, 2019 (Act 992) and in a manner required by the Ghana Infrastructure Investment Fund Act, 2014 (Act 877) and for such internal control as the Governing board 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 Governing Board are responsible for assessing the Fund'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 directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

### **Auditors Responsibilities for the Audit of 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 judgment 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## **Independent auditor's report To the members of Ghana Infrastructure Investment Fund**

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

We communicate with the Governing Board 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the Seventh Schedule of the Companies Act, 2019 (Act 992) we expressly state that:

1. We have obtained the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.
2. In our opinion:
  - proper books of accounts have been kept by the Fund, so far as appears from our examination of those books.
  - the information and explanations given to us, were in the manner required by the Companies Act, 2019 (Act 992) and give a true and fair view of the:
    - a. statement of financial position of the Fund at the end of the financial year, and
    - b. statement of profit or loss and other comprehensive income for the financial year.
3. The Fund's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the accounting records and returns.
4. We are independent of the Fund, pursuant to Section 143 of the Companies Act, 2019 (Act 992)

## **Independent auditor's report To the members of Ghana Infrastructure Investment Fund**

In accordance with section 28(1) of the Ghana Infrastructure Investment Fund Act, 2014 (Act 877), the Fund has generally kept accounting records that are sufficient to explain its transactions and financial position with respect to its mandate and any other business that it carries out.

The Fund has generally complied with the provisions of the Ghana Infrastructure Investment Fund Act, 2014 (Act 877) and the Ghana Infrastructure Investment Fund Amendment Act 2021, (Act 1063).

The engagement partner on the audit resulting in this independent auditor's report is **Charlotte Forson-Abbey (ICAG/P/1509) and Emmanuel Offei (ICAG/P/1102)**.

*Deloitte & Touche*

**For and on behalf of Deloitte & Touché (ICAG/F/2022/129)  
Chartered Accountants  
The Deloitte Place, Plot No. 71  
Off George Walker Bush Highway  
Accra Ghana**

*30 June* .....2022

*Boateng, Offei & Co.*

**For and on behalf of Boateng, Offei & Co (ICAG/F/2022/108)  
Chartered Accountants  
Correspondence Firm, Grant Thonton  
International 9 Bissau Avenue, East  
Legon, Accra Ghana**

*30 June* .....2022


## Ghana Infrastructure Investment Fund


# Statement of Financial Position

### As at 31 December 2021

		2021	2020
<b>Assets</b>	<b>Note</b>	<b>GHS'000</b>	<b>GHS'000</b>
Cash and cash equivalents	8	1,016,362	452,722
Loans and advances	9	1,212,364	1,214,602
Investment securities at FVOCI	10	396,021	262,865
Investment securities at amortised cost	11	-	130,687
Other Assets	12	18,531	1,625
Property and equipment	13	3,185	3,577
Right of use assets	24	654	3,200
<b>Total Assets</b>		<b><u>2,647,117</u></b>	<b><u>2,069,278</u></b>
<b>Liabilities</b>			
Accounts payable	14	536	2,893
Lease liabilities	24	869	3,631
Borrowings	25	240,244	-
		<b><u>241,649</u></b>	<b><u>6524</u></b>
<b>Equity</b>			
Government of Ghana contribution	15	1,243,679	1,123,557
Retained Earnings	16	1,166,414	933,754
Other Reserves	16	(4,625)	5,443
		<b><u>2,405,468</u></b>	<b><u>2,062,754</u></b>
<b>Total Equity and Liabilities</b>		<b><u>2,647,117</u></b>	<b><u>2,069,278</u></b>

The financial statements were approved by the Governing Board on 30 June 2022  
and signed on their behalf by:

Philip Addison  
.....  
Name of Member  
  
.....  
Signature  
Date: 30 June 2022

SOLOMON ASAMOAX  
.....  
Name of Member  
  
.....  
Signature  
Date: 30 June 2022

## Ghana Infrastructure Investment Fund

# Statement of comprehensive income

For the year ended 31 December 2021

		2021	2020
	Notes	GHS'000	GHS'000
Interest income	17	172,319	170,299
Fees income	18	1,975	5,194
Dividend income	19	1,458	1,518
<b>Gross income</b>		<b>175,752</b>	<b>177,011</b>
General & admin expense	20	(39,055)	(24,113)
Interest expense	24	(133)	(694)
Net exchange gain	23	96,096	44,803
<b>Operating profit before tax</b>		<b>232,660</b>	<b>197,007</b>
Income tax expense	22	-	-
<b>Profit for the year</b>		<b>232,660</b>	<b>197,007</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Change in fair value of investment securities at fair value through other comprehensive income	10	(10,068)	11,543
<b>Total comprehensive income</b>		<b>222,592</b>	<b>208,550</b>

The accompanying notes on pages 15 to 56 form an integral part of these financial statements.

## Ghana Infrastructure Investment Fund

### Statement of changes in equity

For the year ended 31 December 2021

	Government of Ghana contribution GHS'000	Retained earnings GHS'000	Other reserves GHS'000	Total equity GHS'000
<b>Year ended 31 December 2021</b>				
Balance at 1 January 2021	<u>1,123,557</u>	<u>933,754</u>	<u>5,443</u>	<u>2,062,754</u>
Profit for the year	-	232,660	-	232,660
Change in fair value of equity investment	-	-	(10,068)	(10,068)
Total comprehensive income for the year	-	<u>232,660</u>	<u>(10,068)</u>	<u>222,592</u>
Additional funding	<u>120,122</u>	-	-	<u>120,122</u>
Balance at 31 December 2021	<u>1,243,679</u>	<u>1,166,414</u>	<u>(4,625)</u>	<u>2,405,468</u>
<b>Year ended 31 December 2020</b>				
Balance at 1 January 2020	<u>1,123,557</u>	<u>736,747</u>	<u>(6,100)</u>	<u>1,854,204</u>
Profit for the year	-	197,007	-	197,007
Change in fair value of equity investment	-	-	11,543	11,543
Total comprehensive income for the year	-	<u>197,007</u>	<u>11,543</u>	<u>208,550</u>
Balance at 31 December 2020	<u>1,123,557</u>	<u>933,754</u>	<u>5,443</u>	<u>2,062,754</u>

The accompanying notes on pages 15 to 56 form an integral part of these financial statements.

# Ghana Infrastructure Investment Fund

## Statement of cash flows

For the year ended 31 December 2021

	2021 GHS'000	2020 GHS'000
<b>Cash flows from operating activities</b>		
<b>Profit before income tax</b>	232,660	197,007
<b>Adjustments for:</b>		
Depreciation charge	1,321	1,015
Interest expense on lease liabilities	133	694
Impairment loss allowance & write-off	1,349	1,232
Rent expense reversed	(870)	-
Net exchange gain on foreign currency balances	-	(274)
	<u>234,593</u>	<u>199,674</u>
<b>Changes in operating assets and liabilities:</b>		
- (decrease)/increase in accounts payable	(2,357)	264
- decrease/(increase) in loans and advances	889	(334,920)
- (increase)/decrease in investment securities at amortised cost	130,687	80,219
- increase in investment securities at fair value through other comprehensive income	(143,224)	(26,785)
- decrease in other assets	(16,906)	421
<b>Net cash used in operating activities</b>	<u>203,682</u>	<u>(81,127)</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(275)	-
<b>Net cash used in investing activities</b>	<u>(275)</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Finance lease payments	(133)	(894)
Additional contribution from GoG	120,122	-
Borrowings received	240,244	-
<b>Net cash used in financing activities</b>	<u>360,233</u>	<u>(894)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>563,640</u>	<u>(82,021)</u>
<b>Movement in cash and cash equivalents</b>		
At start of year	452,722	534,469
Increase/(decrease) in cash and cash equivalents	563,640	(82,021)
Effect of exchange gains	-	274
Closing cash balance	<u>1,016,362</u>	<u>452,722</u>

The accompanying notes on pages 15 to 56 form an integral part of these financial statements.

# Ghana Infrastructure Investment Fund

## Notes to the financial statements

For the year ended 31 December 2021

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### 1. General information

The Ghana Infrastructure Investment Fund was established as a body corporate by the Ghana Infrastructure Investment Fund Act, 2014 (Act 877) as amended by the Ghana Infrastructure Investment Fund (Amendment) Act, 2021 (Act 1063). The Fund's object is to mobilise, manage, coordinate and provide financial resources for investment in a diversified portfolio of infrastructure projects in Ghana for national development. The address of its registered office is World Trade Center, Accra.

### 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below:

#### 2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), including International Accounting Standards and Interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) applicable to companies reporting under IFRS. Further standards may be issued by the International Accounting Standards Board (IASB) and may be subject to the interpretations issued by the IFRIC. The financial statements have been prepared under the historical cost convention except as described in the accounting policies. The financial statements are presented in Ghana cedis ("GH¢").

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Governing Board to exercise judgement in the process of applying the entity'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 7.

#### 2.2 Use of judgement and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of revision and future periods, if the revision affects both current and future periods.

#### 2.3 Changes in accounting policy and disclosures

*(i) New standards, amendments and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Fund. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions except as noted below:

# Ghana Infrastructure Investment Fund

## Notes to the financial statements

For the year ended 31 December 2021

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### 2 Summary of significant accounting policies (continued)

#### 2.3 Changes in accounting policies and disclosures (continued)

(i) *New standards, amendments and interpretations not yet adopted (continued)*

##### **Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Noncurrent**

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

##### **Amendments to IFRS 3 Business Combinations—Reference to the Conceptual Framework**

The amendments update IFRS 3 so that it refers to the 2018 *Conceptual Framework* instead of the 1989 *Framework*. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 *Levies*, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

##### **Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 *Inventories*.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

# Ghana Infrastructure Investment Fund

## Notes to the financial statements

For the year ended 31 December 2021

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### 2 Summary of significant accounting policies (continued)

#### 2.3 Changes in accounting policies and disclosures (continued)

##### (i) *New standards, amendments and interpretations not yet adopted (continued)*

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

##### **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets—Onerous Contracts—Cost of Fulfilling a Contract**

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

# Ghana Infrastructure Investment Fund

## Notes to the financial statements

For the year ended 31 December 2021

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### 2 Summary of significant accounting policies (continued)

#### 2.3 Changes in accounting policies and disclosures (continued)

(i) *New standards, amendments and interpretations not yet adopted (continued)*

#### **Annual Improvements to IFRS Standards 2018-2020—Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases*, and IAS 41 *Agriculture***

The Annual Improvements include amendments to four Standards but the below are relevant to the Fund:

##### **IFRS 1 *First-time Adoption of International Financial Reporting Standards***

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

##### **IFRS 9 *Financial Instruments***

The amendment clarifies that in applying the '10 per cent' test to assess whether to recognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

## Ghana Infrastructure Investment Fund

# Notes to the financial statements

For the year ended 31 December 2021

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## 2 Summary of significant accounting policies (continued)

### 2.3 Changes in accounting policies and disclosures (continued)

(i) *New standards, amendments and interpretations not yet adopted (continued)*

#### **IFRS 16 Leases**

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

#### **Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements—Disclosure of Accounting Policies***

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

#### **Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates***

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

# Ghana Infrastructure Investment Fund

## Notes to the financial statements

For the year ended 31 December 2021

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### ***Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction (continued)***

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

## **2.4 Foreign currency translation**

### *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ghana cedis (GH¢) which is the Fund's functional and presentation currency.

### *Translations and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'net exchange gains'.

# Ghana Infrastructure Investment Fund

## Notes to the financial statements

For the year ended 31 December 2021

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### 2. Summary of significant accounting policies (continued)

#### 2.4 Foreign currency translation (continued)

Changes in the fair value of monetary securities denominated in foreign currency classified as hold to collect and sell are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary financial assets measured at fair value, such as equities classified as fair value through other comprehensive income, are included in other comprehensive income.

#### 2.5 Financial instruments

##### 2.5.1 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 Fund 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 Fund 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.

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 Fund becomes party to the contractual provisions of the instrument or commits to purchase or sell the asset.

# Ghana Infrastructure Investment Fund

## Notes to the financial statements

For the year ended 31 December 2021

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### 2 Summary of significant accounting policies (continued)

#### 2.5 Financial instruments (continued)

##### 2.5.1 Financial assets (continued)

###### Measurement methods (continued)

At initial recognition, the Fund 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 and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

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 difference is deferred and the timing of recognition of deferred gain 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 Fund classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are 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.

Classification and subsequent measurement of debt instruments depend on:

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

## Ghana Infrastructure Investment Fund

# Notes to the financial statements

For the year ended 31 December 2021

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## 2 Summary of significant accounting policies (continued)

### 2.5 Financial instruments (continued)

#### 2.5.1 Financial assets (continued)

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

- a) **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, 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 'Other income' using the effective interest rate method.
- b) **Fair value through other comprehensive income (FVOCI):** Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'other operating income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.
- c) **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of comprehensive income within 'Net trading income' in the period in which it arises. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

The above classifications are done using:

**Business model:** The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund'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 FVPL. Factors considered by the Fund 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 FVPL.

# Ghana Infrastructure Investment Fund

## Notes to the financial statements

For the year ended 31 December 2021

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### 2 Summary of significant accounting policies (continued)

#### 2.5 Financial instruments (continued)

##### 2.5.1 Financial assets (continued)

###### (i) Classification and subsequent measurement (continued)

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Fund 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 Fund 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 Fund subsequently measures all equity investments at fair value through profit or loss, except where the Fund's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Fund's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Fund's right to receive payments is established.

## Ghana Infrastructure Investment Fund

# Notes to the financial statements

For the year ended 31 December 2021

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## 2 Summary of significant accounting policies (continued)

### 2.5 Financial instruments (continued)

#### 2.5.1 Financial assets (continued)

##### (ii) Impairment

The Fund assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan and investments. The Fund 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.

Refer to Note 3 for further details on the impairment process of financial assets.

##### (iii) De-recognition other than on a modification

Financial assets

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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 sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Fund is recognised as a separate asset or liability.

#### 2.5.2 Financial liabilities

##### (i) Classification

The Fund classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost.

##### (ii) 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.

# Ghana Infrastructure Investment Fund

## Notes to the financial statements For the year ended 31 December 2021

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### 2 Summary of significant accounting policies (continued)

#### 2.5 Financial instruments (continued)

##### 2.5.2 Financial liabilities (continued)

###### (iii) 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 income statement.

##### 2.5.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Fund in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

##### 2.5.4 Determination of fair value

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. This includes listed equity securities quoted on stock exchanges.

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 Fund, 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 (for example, yield curve, foreign exchange rates, and counterparty spreads) existing at the reporting dates.

##### 2.5.5 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 asset and settle the liability simultaneously.

## Ghana Infrastructure Investment Fund

# Notes to the financial statements

For the year ended 31 December 2021

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## 2 Summary of significant accounting policies (continued)

### 2.6 Property and equipment

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

Motor vehicles	4 years
Furniture, fittings and equipment	5 years
Computers	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss. When revalued assets are sold, the amounts included in revaluation surplus relating to those assets are transferred to retained earnings.

### 2.7 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready for use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

# Ghana Infrastructure Investment Fund

## Notes to the financial statements For the year ended 31 December 2021

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### 2 Summary of significant accounting policies (continued)

#### 2.8 Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. The amounts are unsecured and are usually paid within 30 days of recognition. Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### 2.9 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events and it is more than likely that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of expenditures expected to be required to settle the obligation using pre-tax rates that reflects current market assessments of the time value of money and risks specific to the obligation. The unwinding of the discount is recognised as finance cost.

#### 2.10 Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in profit and loss over the period of the borrowings using the effective interest method.

#### 2.11 Contribution from Government

Funding from the Government of Ghana under the Ghana Infrastructure Investment Fund Act, 2014 (Act 877) as amended by the Ghana Infrastructure Investment Fund (Amendment) Act, 2021 (Act 1063) is recognised as equity contribution.

#### 2.12 Dividend income

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividend income from equity securities designated at a fair value through profit or loss is recognised in the "dividend income" line in the statement of comprehensive income.

## Ghana Infrastructure Investment Fund

# Notes to the financial statements

For the year ended 31 December 2021

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## 2 Summary of significant accounting policies (continued)

### 2.13 Interest income and expense

Interest income and expense for all interest-bearing financial instruments, except those classified as held for trading or designated at fair value through profit or loss, are recognised within 'interest income' and 'interest expense' in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

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

### 2.14 Fees and commissions

Fees and commissions income is made up of appraisal fees, commitment fees, upfront fees and administration and supervision fees. These amounts arise from appraisal of or participating in a transaction with a third party such as the acquisition of shares or other securities or the investment in a project. These fees are recognised on completion of the underlying transaction.

### 2.15 Employee benefits

The Fund contributes to a defined contribution retirement benefit scheme for its employees. The Fund has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The assets of the scheme are held in separate trustee administered funds, which are funded by contributions from both the Fund and employees.

The Fund's contributions to the defined contribution scheme are recognised as an employee benefit expense when they fall due.

# Ghana Infrastructure Investment Fund

## Notes to the financial statements

For the year ended 31 December 2021

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### 2 Summary of significant accounting policies (continued)

#### 2.16 Taxation

The income tax expense for the year comprises current and deferred income tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity respectively.

##### *Current income tax*

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with relevant tax legislation.

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### *Deferred income tax*

Deferred income tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses can be utilised. However, deferred income tax is not accounted for if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable nor accounting profit or loss.

#### 2.17 Leases

The Fund leases its current office under non-cancellable operating lease arrangements.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Fund.

The Fund's lease contracts is made for fixed periods of 1 year to 5 years, but may have extension options. Contracts may contain both lease and non-lease components. The Fund may allocate the consideration in the contract to the lease and non-lease components based on their relative standalone prices. However, for leases of real estate for which the Fund is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. Lease payments are increased every five years to reflect market rentals.

## Ghana Infrastructure Investment Fund

# Notes to the financial statements

For the year ended 31 December 2021

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## 2 Summary of significant accounting policies (continued)

### 2.17 Leases (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on a rate, initially measured as at the commencement date;
- amounts expected to be payable by the Fund under residual value guarantees;
- the exercise price of a purchase option if the Fund is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Fund, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Fund:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Fund is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Right-of-use buildings held by the Fund under IFRS 16 are not revalued.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the Fund. These are used to maximise operational flexibility in terms of managing the assets used in the Fund's operations. Majority of extension and termination options held are exercisable only by the Fund and not by the respective lessor.

## Ghana Infrastructure Investment Fund

# Notes to the Financial Statements

## For the year ended 31 December 2021

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### 2 Summary of significant accounting policies (continued)

#### 2.18 Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities. For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Fund cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

### 3. Financial risk management

#### Financial risk factors

Financial risk is an inherent part of the business activities of the Fund. Accordingly, the Fund has designed a risk management framework and governance structure to achieve an appropriate balance between risk and reward. The risk management framework comprises a comprehensive set of policies, procedures, and processes designed to identify, measure, monitor, mitigate and report significant risk exposures in a consistent and effective manner across the Fund. The Governing Board has overall responsibility for the establishment and oversight of the Fund's risk management framework.

The financial risks arising from financial assets to which the Fund is exposed are credit risk, liquidity risk and market risk.

#### 3.1.1 Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from debt securities held, trade receivables and advances, and also from cash and cash equivalents.

##### *(a) Expected credit loss measurement*

#### Significant increase in credit risk (SICR)

The Fund 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 Probability of Default (PD) at the reporting date has increased, compared to the residual Lifetime PD expected at the reporting date when the exposure was first recognised.

# Ghana Infrastructure Investment Fund

## Notes to the Financial Statements For the year ended 31 December 2021

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### 3. Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### 3.1.1 Credit risk (continued)

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

- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last 12 months
- Significant adverse changes in business, financial and/or economic conditions in which the counterparty operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the counterparty
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cash flow or liquidity problems such as delay in servicing of facility.

The assessment of SICR incorporates forward-looking information and is performed on a monthly basis at a portfolio level. 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 counterparty is more than 30 days past due on its contractual payments.

##### *Low credit risk exemption*

The Fund has not used the low credit risk exemption for any financial instruments in the period ended 31 December 2021.

##### *Definition of default and credit-impaired assets*

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

##### *Qualitative criteria*

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

- The counterparty is in long-term forbearance
- The counterparty is deceased
- The counterparty is insolvent
- The counterparty is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the counterparty's financial difficulty
- It is becoming probable that the counterparty will enter bankruptcy

# Ghana Infrastructure Investment Fund

## Notes to the Financial Statements

For the year ended 31 December 2021

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### 3 Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### 3.1.1 Credit risk (continued)

The criteria above have been applied to all financial instruments held by the Fund 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 Fund'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.

##### *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:

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.

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 portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis. The 12month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

The approach used in the computation of the ECL incorporated the credit rating methodology. The ratings from the various external credit rating agencies regarding the counterparties under consideration was obtained. The ratings reflect the various probabilities of default associated with their ratings which are extrapolated and averaged for the counterparties. The ratings are statements about the probability of default and anticipated loss severity in case of default.

Collaterals on all financials instruments are considered in the computations as this impacts the ECL result. The force sale value on collaterals are considered based on relevant supportable information obtained on their sale overtime under force sale value.

# **Notes to the Financial Statements**

## **For the year ended 31 December 2021**

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### **3 Financial risk management (continued)**

#### **3.5 Financial risk factors (continued)**

##### **3.1.1 Credit risk (continued)**

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

Off Balance sheets items under the standardized approach will be converted into credit exposure equivalents through the use of credit conversion factors (CCF). Counterparty risk weightings for OTC derivative transactions will not be subject to any specific ceiling. However, no off balance sheet amounts were used in the ECL assessments.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. The assumptions underlying the ECL calculation — such as how the maturity profile of the PDs and how collateral values change are monitored and reviewed. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

###### *Forward-looking information incorporated in the ECL models*

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Fund has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

###### *Economic Variable Assumptions*

The most significant period end assumptions used for the ECL estimate as at 31 December 2021 are set out below:

The forward-looking economic information affecting the ECL model are as follows:

1. Inflation – Inflation is used to assess the relative health of the economy. Forward looking information is incorporated by using the projected inflation rate for the current year as a base.
2. Economic growth (GDP growth) - GDP growth is used to assess the relative health of the economy. Forward looking information is incorporated by using the projected GDP growth rate for the current year as a base.

## Ghana Infrastructure Investment Fund

# Notes to the Financial Statements

For the year ended 31 December 2021

### 3 Financial risk management (continued)

#### 3.6 Financial risk factors (continued)

##### 3.1.1 Credit risk (continued)

*Forward-looking information incorporated in the ECL models (continued)*

At 31 December 2021, the Fund's financial instruments were all categorized as stage 1 and stage 3 instruments thus all financial instruments are performing for stage 1 and non-performing for stage 3.

<b>Year ended 31 December 2021</b>	<b>Stage 1 GHS'000</b>	<b>Stage 3 GHS'000</b>	<b>Total GHS'000</b>
Cash and cash equivalents	1,016,362	-	<b>1,016,362</b>
Loans and advances	1,233,224	-	<b>1,233,224</b>
Investment securities at fair value through other comprehensive income	396,021	-	<b>396,021</b>
Other assets (excluding prepayments)	<u>18,202</u>	<u>15,704</u>	<u><b>33,906</b></u>
Gross carrying amount	<b>2,663,809</b>	<b>15,704</b>	<b>2,679,513</b>
Loss allowance	<u>(20,860)</u>	<u>(15,704)</u>	<u>(36,564)</u>
<b>Carrying amount</b>	<u><b>2,642,949</b></u>	<u><b>-</b></u>	<u><b>2,642,949</b></u>
Year ended 31 December 2020	Stage 1 GHS'000	Stage 3 GHS'000	Total GHS'000
Cash and cash equivalents	452,722	-	452,722
Loans and advances	1,234,113	-	1,234,113
Investment securities at fair value through other comprehensive income	262,865	-	262,865
Investment securities at amortised cost	130,687	-	130,687
Other assets (excluding prepayments)	<u>1,296</u>	<u>15,704</u>	<u>17,000</u>
Gross carrying amount	<b>2,081,683</b>	<b>15,704</b>	<b>2,097,387</b>
Loss allowance	<u>(19,511)</u>	<u>(15,704)</u>	<u>(35,215)</u>
<b>Carrying amount</b>	<u><b>2,062,172</b></u>	<u><b>-</b></u>	<u><b>2,062,172</b></u>

Details of the impairment on loans and advances, investment securities and other assets are disclosed in Note 21. All other financial assets of the Fund with credit risk exposure are neither past due nor impaired.

# Ghana Infrastructure Investment Fund

## Notes to the Financial Statements For the year ended 31 December 2021

### 3 Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### 3.1.2 Market risk

Market risk is the risk of loss arising from adverse changes in market conditions (interest rates, exchange rates and equity prices). Positions that expose the Fund to market risk can be trading or non-trading related. The Fund identifies market risk through daily monitoring of its investment portfolios.

##### Interest rate risk

Interest rate risk is the exposure of current and future earnings and capital to adverse changes in the level of interest rates.

In assessing the Fund's exposure to market risk it compares the values of interest rate sensitive assets and liabilities that mature or reprice at various time periods in the future. The Fund may make judgmental assumptions about the behaviour of assets and liabilities which do not have specific contractual maturity or repricing dates.

The table below summarises the repricing profiles of the Fund's financial assets and liabilities. Items are allocated to time periods by reference to the earlier of the next contractual interest rate repricing and maturity dates.

<b>At 31 December 2021</b>	<b>Up to 3 months</b>	<b>3 to 12 months</b>	<b>More than 1 year</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>GHS'000</b>	<b>GHS'000</b>	<b>GHS'000</b>	<b>GHS'000</b>	<b>GHS'000</b>
<b>Assets</b>					
Cash and cash equivalents	1,016,362	-	-	-	<b>1,016,362</b>
Loans and advances	-	-	1,212,364	-	<b>1,212,364</b>
Investment securities at fair value through other comprehensive income	-	-	-	396,021	<b>396,021</b>
Other assets (excluding prepayments)	-	-	-	18,202	<b>18,202</b>
<b>Total financial assets</b>	<b><u>1,016,362</u></b>	<b><u>-</u></b>	<b><u>1,212,364</u></b>	<b><u>414,223</u></b>	<b><u>2,642,949</u></b>
<b>Liabilities</b>					
Accounts payable	-	-	-	536	<b>536</b>
Lease liabilities	-	-	869	-	<b>869</b>
Borrowings	-	-	240,244	-	<b>240,244</b>
<b>Total financial liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>241,113</u></b>	<b><u>536</u></b>	<b><u>241,649</u></b>
<b>Interest repricing gap</b>	<b><u>1,016,362</u></b>	<b><u>-</u></b>	<b><u>971,251</u></b>	<b><u>413,687</u></b>	<b><u>2,401,300</u></b>

## Ghana Infrastructure Investment Fund

# Notes to the Financial Statements

## For the year ended 31 December 2021

### 3 Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### 3.1.2 Market risk (continued)

Interest rate risk (continued)

At 31 December 2020	Up to 3 months GHS'000	3 to 12 months GHS'000	More than 1 year GHS'000	Non- interest bearing GHS'000	Total GHS'000
<b>Assets</b>					
Cash and cash equivalents	452,722	-	-	-	452,722
Loans and advances	-	-	1,214,602	-	1,214,602
Investment securities at fair value through other comprehensive income	-	-	-	262,865	262,865
Investment securities at amortised cost	-	105,592	25,095	-	130,687
Other assets (excluding prepayments)	-	-	-	1,296	1,296
<b>Total financial assets</b>	<b>452,722</b>	<b>105,592</b>	<b>1,239,697</b>	<b>264,161</b>	<b>2,062,172</b>
<b>Liabilities</b>					
Accounts payable	-	-	-	2,893	2,893
Lease liabilities	-	235	3,396	-	3,631
<b>Total financial liabilities</b>	<b>-</b>	<b>235</b>	<b>3,396</b>	<b>2,893</b>	<b>6,524</b>
<b>Interest repricing gap</b>	<b>452,722</b>	<b>105,357</b>	<b>1,236,301</b>	<b>261,218</b>	<b>2,055,648</b>

# Ghana Infrastructure Investment Fund

## Notes to the Financial Statements

For the year ended 31 December 2021

### 3 Financial risk management (continued)

#### 3.2 Financial risk factors (continued)

##### 3.1.2 Market risk (continued)

Foreign exchange risk

The Fund is exposed to the effects of fluctuations in foreign currency exchange rates on its financial position and cash flows. The table below summarises the Fund's exposure to foreign currency exchange rate risk at 31 December 2021. The Fund's exposure to foreign currency risk at the end of the reporting period, expressed in Ghana cedis, was as follows:

	US\$ GHS'000	GBP GHS'000	GHS GHS'000	Total GHS'000
<b>At 31 December 2021</b>				
<b>Assets</b>				
Cash and cash equivalents	1,016,362	-	-	1,016,362
Loans and advances	-	-	1,212,364	1,212,364
Investment securities at fair value through other comprehensive income	-	-	396,021	396,021
Other assets (excluding prepayments)	-	-	18,202	18,202
<b>Total financial assets</b>	<b><u>1,016,362</u></b>	<b><u>-</u></b>	<b><u>1,608,387</u></b>	<b><u>2,642,949</u></b>
<b>Liabilities</b>				
Accounts payable	-	-	536	536
Lease liabilities	-	-	869	869
Borrowings	-	-	240,244	240,244
<b>Total financial liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>241,649</u></b>	<b><u>241,649</u></b>
<b>Net on balance sheet position</b>	<b><u>1,016,362</u></b>	<b><u>-</u></b>	<b><u>1,366,738</u></b>	<b><u>2,401,300</u></b>
<b>At 31 December 2020</b>				
<b>Assets</b>				
Cash and cash equivalents	6,861	-	445,861	452,722
Loans and advances	1,214,602	-	-	1,214,602
Investment securities at fair value through other comprehensive income	231,953	-	30,912	262,865
Investment securities at amortised cost	-	-	130,687	130,687
Other assets (excluding prepayments)	-	-	1,296	1,296
<b>Total financial assets</b>	<b><u>1,453,416</u></b>	<b><u>-</u></b>	<b><u>608,756</u></b>	<b><u>2,062,172</u></b>
<b>Liabilities</b>				
Accounts payable	-	-	2,893	2,893
Lease liabilities	-	-	3,631	3,631
<b>Total financial liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>6,524</u></b>	<b><u>6,524</u></b>
<b>Net on balance sheet position</b>	<b><u>1,453,416</u></b>	<b><u>-</u></b>	<b><u>602,232</u></b>	<b><u>2,055,648</u></b>

# Ghana Infrastructure Investment Fund

## Notes to the Financial Statements

For the year ended 31 December 2021

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### 3 Financial risk management (continued)

#### 3.3 Financial risk factors (continued)

##### 3.1.2 Market risk (continued)

Foreign exchange risk (continued)

Foreign currency sensitivity analysis

The table below illustrates the hypothetical sensitivity of the Fund's reported profit to a 10% decrease in the value of the Ghana Cedi against its principal foreign currencies at the year-end, assuming all other variables remain unchanged. A 10% strengthening of the Ghana cedi against foreign currencies at 31 December would have had an equal but opposite effect on the amount shown below, on the basis that all other variables remain constant;

<b>Impact of profit or loss:</b>	<b>2021</b>	<b>2020</b>
	<b>GHS'000</b>	<b>GHS'000</b>
US Dollar - 10%	<u><b>163,653</b></u>	<u><b>150,575</b></u>

##### 3.1.3 Liquidity risk

Liquidity risk is the risk that the Fund is unable to meet its obligations when they fall due as a result of cash requirements from contractual commitments, or other cash outflows. Such outflows would deplete available cash resources for trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position and sale of assets. The risk that the Fund will be unable to meet its obligations when they fall due is inherent in all operations and can be affected by a range of institution specific and market-wide events including, but not limited to, credit events, systemic shocks and natural disasters. The table below presents the cash flows payable by the Fund under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

# Ghana Infrastructure Investment Fund

## Notes to the Financial Statements

For the year ended 31 December 2021

### 3 Financial risk management (continued)

#### 3.4 Financial risk factors (continued)

##### 3.1.3 Liquidity risk (continued)

At 31 December 2021	Up to 3 months GHS'000	3 to 12 months GHS'000	More than 1 year GHS'000	Total GHS'000
<b>Liabilities</b>				
Accounts payable	536	-	-	536
Lease liabilities	-	-	869	869
<b>Total liabilities</b>	<b>536</b>	<b>-</b>	<b>869</b>	<b>1,405</b>
<b>Assets</b>				
Cash and cash equivalents	1,016,362	-	-	1,016,362
Loans and advances	-	-	1,212,364	1,212,364
Investment securities at fair value through other comprehensive income	-	-	396,021	396,021
Other assets (excluding prepayments)	-	18,202	-	18,202
<b>Assets held for managing liquidity risk</b>	<b>1,016,362</b>	<b>18,202</b>	<b>1,608,385</b>	<b>2,642,949</b>
<b>At 31 December 2020</b>				
<b>Liabilities</b>				
Accounts payable	2,893	-	-	2,893
Lease liabilities	-	235	6,913	7,148
<b>Total liabilities</b>	<b>2,893</b>	<b>235</b>	<b>6,913</b>	<b>10,041</b>
<b>Assets</b>				
Cash and cash equivalents	452,722	-	-	452,722
Loans and advances	-	-	1,688,959	1,688,959
Investment securities at fair value through other comprehensive income	-	-	262,865	262,865
Investment securities at amortised cost	-	110,091	27,821	137,912
Other assets (excluding prepayments)	-	1,296	-	1,296
<b>Assets held for managing liquidity risk</b>	<b>452,722</b>	<b>110,091</b>	<b>1,979,645</b>	<b>2,543,754</b>

## Ghana Infrastructure Investment Fund

# Notes to the Financial Statements

## For the year ended 31 December 2021

### 4. Financial instruments measured at fair value

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Fund's balance sheet at fair values.

At 31 December 2021	Amortised cost (held to collect) GHS'000	FVOCI (held to collect and sell) GHS'000	Other liabilities - Amortised cost GHS'000	Total GHS'000	Fair value GHS'000
<b>Financial assets</b>					
Cash and cash equivalents	1,016,362	-	-	1,016,362	1,016,362
Loans and advances	1,212,364	-	-	1,212,364	1,212,364
Investment securities at fair value through other comprehensive income	-	396,021	-	396,021	396,021
Other assets (excluding prepayments)	18,202	-	-	18,202	18,202
<b>Total financial assets</b>	<b>2,228,726</b>	<b>396,021</b>	<b>-</b>	<b>2,642,949</b>	<b>2,642,949</b>
<b>Financial liabilities</b>					
Accounts payable	-	-	536	536	536
Lease liabilities	-	-	869	869	869
Borrowings	-	-	240,244	240,244	240,244
	-	-	241,649	241,649	241,649
<b>At 31 December 2020</b>					
<b>Financial assets</b>					
Cash and cash equivalents	452,722	-	-	452,722	452,722
Loans and advances	1,214,602	-	-	1,214,602	1,214,602
Investment securities at fair value through other comprehensive income	-	262,865	-	262,865	ss 262,865
Investment securities at amortised cost	130,687	-	-	130,687	130,687
Other assets (excluding prepayments)	1,296	-	-	1,296	1,296
<b>Total financial assets</b>	<b>1,799,307</b>	<b>262,865</b>	<b>-</b>	<b>2,062,172</b>	<b>2,062,172</b>
<b>Financial liabilities</b>					
Accounts payable	-	-	2,893	2,893	2,893
Lease liabilities	-	-	3,396	3,396	3,396
	-	-	6,289	6,289	6,289

# Ghana Infrastructure Investment Fund

## Notes to the Financial Statements

For the year ended 31 December 2021

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### 5. Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Fund'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 listed equity securities and debt instruments on exchanges.

**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 investment securities and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Fund considers relevant and observable market prices in its valuations where possible.

<b>At 31 December 2021</b>	<b>Level 3</b>
Equity securities	<b>GHS'000</b>
	<b><u>396,021</u></b>
At 31 December 2020	
Equity securities	<u>262,865</u>

### 6. Capital management

The Fund's objectives when managing capital, which is a broader concept than 'equity' on the face of the statement of financial position are:

- To comply with the requirements set by the Ghana Infrastructure Investment Act, 2014 (Act 877) as amended by the Ghana Infrastructure Investment Fund (Amendment) Act, 2021 (Act 1063);
- To safeguard the Fund's ability to continue as a going concern so that it can continue to operate; and
- To provide returns and benefits for the Government of Ghana.

# Ghana Infrastructure Investment Fund

## Notes to the Financial Statements

For the year ended 31 December 2021

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### 7. Critical accounting estimates and judgements

The Fund's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the financial statements.

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

#### *i) Hold to collect financial assets*

The Fund 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 Fund 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 Fund 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 Fund 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.

#### *ii) Measurement of the expected credit loss allowance*

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI 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 counterparties 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.

Refer to Notes 2.5 and 3 for further details on these estimates and judgements.

#### *iii) Determining fair values*

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

## Ghana Infrastructure Investment Fund

# Notes to the Financial Statements

## For the year ended 31 December 2021

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### 7. Critical accounting estimates and judgements (continued)

#### iv) *Depreciation and carrying value of property and equipment*

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

#### v) Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Fund is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Fund is typically reasonably certain to extend (or not terminate).

Otherwise, the Fund considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Fund becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

## Ghana Infrastructure Investment Fund

# Notes to the Financial Statements

## For the year ended 31 December 2021

### 8. Cash and cash equivalents

Cash and cash equivalents comprise cash held and bank deposits with an original maturity of three months or less.

	2021 GHS'000	2020 GHS'000
Deposits with banks	<u>1,016,362</u>	<u>452,722</u>

### 9. Loans and advances

Year ended 31 December 2021	Gross amount GHS'000	Expected credit loss GHS'000	Net amount GHS'000
Ghana Airports Company Limited	187,175	(4,279)	182,896
Oil Jetty Project- Marshal Oil Limited	270,585	(3,660)	266,925
On dock - Ibistek Limited	429,983	(7,137)	422,846
Platinum Properties	104,572	(1,607)	102,965
Spectrum Fibre Company Limited	188,927	(3,135)	185,792
Crown Forest Safari Park	32,075	(660)	31,415
ConstructPro Innovations Limited	19,723	(382)	19,341
Fair value changes	184	-	184
	<u>1,233,224</u>	<u>(20,860)</u>	<u>1,212,364</u>
Year ended 31 December 2020			
Ghana Airports Company Limited	175,326	(4,953)	170,373
Oil Jetty Project- Marshal Oil Limited	210,630	(2,896)	207,734
On dock - Ibistek Limited	412,656	(5,675)	406,981
Platinum Properties	92,023	(1,265)	90,758
Spectrum Fibre Company Limited	181,856	(2,500)	179,356
Cardinal Resources Limited	144,096	(1,981)	142,115
ConstructPro Innovations Limited	17,526	(241)	17,285
	<u>1,234,113</u>	<u>(19,511)</u>	<u>1,214,602</u>

#### *Ghana Airport Company Limited*

The Fund granted a facility of US\$30 million to the Ghana Airport Company Limited as part of the funding requirement for the Kotoka International Airport development project. The facility is at an interest rate of 3-month LIBOR plus a margin of 5.5% per annum and expected to be fully repaid by 2031.

#### *Marshall Oil Limited*

The Fund entered into a facility agreement of US\$32 million to partly finance the development of a new multi-product oil jetty project. The facility is at an interest rate of 6-month LIBOR plus 8% per annum margin.

#### *Ibistek Limited*

The Fund entered into a Joint Development Agreement (JDA) with Ibistek Limited to develop the On-Dock Container and Multipurpose Terminal for the Takoradi Port Expansion Project. The Fund's transaction is a debt facility of US\$58 million at an interest rate of 6-month LIBOR plus 10% margin.

## Ghana Infrastructure Investment Fund

# Notes to the Financial Statements

For the year ended 31 December 2021

### 9. Loans and advances (continued)

#### *Platinum Properties Limited*

The Fund has entered into an agreement to finance the development of the Platinum Plaza Hospitality Project. As at 31 December 2021, the Fund has made an equity investment of US\$10 million and two mezzanine debt investments of US\$15 million in total. The debt investments include a US\$5 million investment at an interest rate of 3-month LIBOR plus 5% margin and a US\$10 million investment at an interest rate of 3-month LIBOR plus 6% margin.

#### *Cardinal Resources Limited*

The Fund entered into a medium term facility agreement with Cardinal Resources Limited for the development of the Namdini gold mining project with an initial disbursement of US\$25 million as debt investment in the project. The interest rate on the investments was a margin of 7.75% plus the higher of 3-month LIBOR or 1%. As at 31 December 2021, the entire debt was repaid.

#### *ConstructPro Innovations Limited*

The Fund has entered into a bridge loan facility agreement with ConstructPro Innovations Limited to provide funds for the financing and implementation of the first phase of projects in relation to a 200-bed accommodation hostel project for the Cape Coast Technical University and a 300-bed accommodation hostel accommodation project for Takoradi Technical University. As at 31 December 2021, the Fund has disbursed US\$3 million at a rate of 6.5% per annum.

### 10. Investment securities at fair value through other comprehensive income

Equity securities are measured at fair value through other comprehensive income. Movement during the year is as follows:

	2021	2020
	GHS'000	GHS'000
<b>At 1 January</b>	<b>262,865</b>	224,537
Additions	120,000	20,000
Exchange rate adjustment	23,224	6,785
Fair value gain/(loss)	<u>(10,068)</u>	<u>11,543</u>
<b>At 31 December</b>	<b><u>396,021</u></b>	<b><u>262,865</u></b>
<b>Fair value movement</b>		
At 1 January	5,443	(6,100)
fair value gain/(loss)	<u>(10,068)</u>	<u>11,543</u>
At 31 December	<u>(4,625)</u>	<u>5,443</u>
<b>Equity securities</b>		
Marinus Energy Limited	24,025	23,040
Spectrum Fibre Company Limited	69,070	66,080
Rotan Energy Pte. Limited	33,034	31,680
Platinum Properties Limited	60,061	57,600
AI SkyTrain Consortium Holdings	12,513	11,520
Africa Finance Corporation	188,922	62,033
Maaha Hospitality Limited	<u>8,396</u>	<u>10,912</u>
	<b><u>396,021</u></b>	<b><u>262,865</u></b>

## Ghana Infrastructure Investment Fund

# Notes to the Financial Statements

For the year ended 31 December 2021

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### 10. Investment securities at fair value through other comprehensive income (continued)

#### *Marinus Energy Limited*

The Fund entered into an agreement with Marinus Energy Limited for the funding of the Atuabo Power Plant of US\$30 million by a combination of equity of US\$15 million and a senior debt facility of US\$15 million. At 31 December 2021, the Fund has disbursed US\$4 million (2020: US\$4 million) as part of its equity contribution in line with the Joint Development Agreement. The equity interest is yet to be determined.

#### *Spectrum Fibre Company Limited*

The Fund entered into an agreement with Spectrum Fibre Company Limited for the development of the Western Corridor Fibre optic project. The Fund has disbursed US\$8 million and GHS 20 million respectively as full disbursement of its equity investment as at 31 December 2020.

#### *Rotan Energy Pte. Limited*

The Fund entered into a Joint Development Agreement with Rotan Energy Pte. Limited for developing a 660MW gas fired combined cycle power station in Aboadze. At 31 December 2021, the Fund has disbursed US\$5.5 million as its equity contribution. The Fund holds 10% equity interest in the project.

#### *Platinum Properties Limited*

The Fund has entered into an agreement to finance the development of the Platinum Plaza Hospitality Project. At 31 December 2021, the Fund has made an equity investment of US\$10 million and a mezzanine debt investment of US\$5 million at an interest rate of 3-month LIBOR plus 5% margin in line with the agreement.

#### *Ai SkyTrain Consortium Holdings*

The Fund has invested US\$2 million in Ai SkyTrain Consortium Holdings incorporated in the Republic of Mauritius. The purpose is to establish Ghana SkyTrain Limited to develop the Accra SkyTrain Project through a concession on a Design, Build, Finance and Operate arrangement. The Fund holds an equity interest of 10% in the company. Ai SkyTrain Consortium Holdings is in the process of winding up and the investment is not recoverable.

#### *Africa Finance Corporation*

The equity investment of US\$10 million is in respect of Government of Ghana's participation in Africa Finance Corporation, a multilateral financial institution created by sovereign African States to provide sustainable infrastructure solution for Africa.

#### *Maaha Hospitality Limited*

The Fund has undertaken an investment in Maaha Hospitality Limited for the Maaha Beach Resort Project at Anokyi in the Western Region. The 12% equity component of US\$4 million has been fully disbursed.

## Ghana Infrastructure Investment Fund

# Notes to the Financial Statements

## For the year ended 31 December 2021

### 11. Investment securities at amortised cost

Movement in fixed deposits during the year is as follows:

	2021 GHS'000	2020 GHS'000
At January	130,687	210,906
Additions	-	910,614
Redemptions	<u>(130,687)</u>	(990,833)
	<u>-</u>	<u>130,687</u>

Fixed deposits are classified as hold to collect and carried at amortised cost.

### 12. Other assets

	2021 GHS'000	2020 GHS'000
Due from Controller and Accountant General Department (CAGD)	113	113
China Development Bank (CDB) project pre-finance	14,736	14,736
Ghana Industrial Development Initiative (GIDI) project advance	855	855
The Eastern and Southern African Trade and Dev't Bank (TDB)	5,955	-
Assets in transit	10,951	-
Other receivables	1,296	1,296
Prepayments	<u>329</u>	<u>329</u>
Gross Balance	34,235	17,329
Impairment provision	<u>(15,704)</u>	<u>(15,704)</u>
<b>Net Amount</b>	<u><b>18,531</b></u>	<u><b>1,625</b></u>

Assets in transit is as follows:

	2021 GHS'000	2020 GHS'000
Ghana Airports Company Limited	7,005	-
Oil Jetty Project- Marshal Oil Limited	<u>3,946</u>	<u>-</u>
At 31 December	<u><b>10,951</b></u>	<u><b>-</b></u>

The impairment provision relates to irrecoverable amounts due from CAGD, CDB project pre-finance and GIDI project advance.

The movement in impairment provision is as follows:

	2021 GHS'000	2020 GHS'000
At start of year	15,704	15,704
Impairment charge /release for the year	<u>-</u>	<u>-</u>
<b>At end of year</b>	<u><b>15,704</b></u>	<u><b>15,704</b></u>

## Ghana Infrastructure Investment Fund

# Notes to the Financial Statements

For the year ended 31 December 2021

### 13. Property and equipment

Year ended 31 December 2021	Furniture, fittings & equipment GHS'000	Office computers GHS'000	Motor vehicles GHS'000	Assets under construction GHS'000	Total GHS'000
<b>Cost</b>					
At 1 January	777	209	1,729	2,831	5,546
Reclassification	47	52	(12)	-	87
Additions	26	249	-	-	275
<b>At 31 December</b>	<b>850</b>	<b>510</b>	<b>1,717</b>	<b>2,831</b>	<b>5,908</b>
<b>Accumulated depreciation</b>					
At 1 January	634	209	1,126	-	1,969
Reclassification	47	52	(12)	-	87
Charge for the year	107	134	426	-	667
<b>At 31 December</b>	<b>788</b>	<b>395</b>	<b>1,540</b>	<b>-</b>	<b>2,723</b>
<b>Net book amount</b>					
<b>At 31 December 2021</b>	<b>62</b>	<b>115</b>	<b>177</b>	<b>2,831</b>	<b>3,185</b>

Year ended 31 December 2020	Furniture, fittings & equipment GHS'000	Office computers GHS'000	Motor vehicles GHS'000	Assets under construction GHS'000	Total GHS'000
<b>Cost</b>					
At 1 January and 31 December	777	209	1,729	2,831	5,546
<b>Accumulated depreciation</b>					
At 1 January	467	196	691	-	1,354
Charge for the year	167	13	435	-	615
<b>At 31 December</b>	<b>634</b>	<b>209</b>	<b>1,126</b>	<b>-</b>	<b>1,969</b>
<b>Net book amount</b>					
<b>At 31 December 2020</b>	<b>143</b>	<b>-</b>	<b>603</b>	<b>2,831</b>	<b>3,577</b>

### 14. Accounts payable

	2021 GHS'000	2020 GHS'000
Accruals	183	146
Other liabilities	354	2,747
	<b>537</b>	<b>2,893</b>

# Ghana Infrastructure Investment Fund

## Notes to the Financial Statements

For the year ended 31 December 2021

### 15. Government of Ghana contribution

Government of Ghana contribution represents funding in accordance with Section 5 (b) of the Ghana Infrastructure Investment Fund Act, 2014 (Act 877). The required contribution by Government was repealed in accordance with Section 9 of the Earmarked Funds Capping and Realignment Act, 2017 (Act 947) which became effective on 5 April 2017. Section 9 of the Earmarked Funds Capping and Realignment Act, 2017 (Act 947) has subsequently been repealed by the Ghana Infrastructure Investment Fund (Amendment) Act, 2021 (Act 1063).

### 16. Reserves

#### Retained earnings

The retained earnings represent cumulative earnings of the Fund. The movement in the retained earnings account is shown as part of the statement of changes in equity on page 13 of these financial statements.

#### Other reserves

Other reserves represent changes in the fair value of financial assets at fair value through other comprehensive income.

### 17. Interest income

	2021 GHS'000	2020 GHS'000
Call accounts	17,145	17,009
Fixed deposit	55,271	50,894
Loans and advances	<u>99,903</u>	<u>102,396</u>
	<u>172,319</u>	<u>170,299</u>

### 18. Fee income

	2021 GHS'000	2020 GHS'000
Fee and commissions income	<u>1,975</u>	<u>5,194</u>

### 19. Dividend income

	2021 GHS'000	2020 GHS'000
Dividend received	<u>1,458</u>	<u>1,518</u>

## Ghana Infrastructure Investment Fund

# Notes to the Financial Statements

## For the year ended 31 December 2021

### 20. General and administrative expenses

	2021 GHS'000	2020 GHS'000
Governing Board's emoluments	2,400	1,964
Impairment charge	1,349	1,232
Employee benefits	10,132	7,049
Auditor's remuneration	183	146
Depreciation (Notes 13 & 24)	1,321	1,015
Subscription fees	164	1,060
Consultancy fees	20,103	369
Bank charges and commission	655	1,436
Communication	353	96
Utilities	131	119
Travel expenses	698	589
Other expenses	<u>1,566</u>	<u>9,038</u>
	<b><u>39,055</u></b>	<b><u>24,113</u></b>

#### Employee benefits

The following items are included within employee benefits expense

	2021 GHS'000	2020 GHS'000
Salaries and other short-term employment benefits	10,132	6,325
Employer's pension contribution	<u>567</u>	<u>724</u>
	<b><u>10,132</u></b>	<b><u>7,049</u></b>

The number of persons employed by the Fund at the end of the year was 12 (2020: 10).

### 21. Impairment provision

The impairment provision and charges to profit or loss are as follows:

	Loans and advances GHS'000	Other assets GHS'000	Total GHS'000
<b>Year ended 31 December 2021</b>			
At start of year	19,511	15,704	35,215
Impairment charge/release	<u>1,349</u>	<u>-</u>	<u>1,349</u>
<b>At end of year</b>	<b><u>20,860</u></b>	<b><u>15,704</u></b>	<b><u>36,564</u></b>
<b>Year ended 31 December 2020</b>			
At start of year	18,279	15,704	33,983
Impairment charge	<u>1,232</u>	<u>-</u>	<u>1,232</u>
<b>At end of year</b>	<b><u>19,511</u></b>	<b><u>15,704</u></b>	<b><u>35,215</u></b>

## Ghana Infrastructure Investment Fund

# Notes to the Financial Statements

For the year ended 31 December 2021

### 22. Income tax

The Fund is exempt from payment of any form of tax for the first fifteen years of its operations in accordance with Section 19 of the Ghana Infrastructure Investment Fund Act, (Act 877) as amended by Section 2 of the Ghana Infrastructure Investment Fund (Amendment) Act, 2021 (Act 1063).

### 23. Net foreign exchange gains

	2021 GHS'000	2020 GHS'000
Foreign exchange gains	96,399	49,045
Foreign exchange losses	<u>(303)</u>	<u>(4,242)</u>
	<u>96,096</u>	<u>44,803</u>

### 24. Leases

The movement in right-of-use assets is as follows:

	2021 GHS'000	2020 GHS'000
<b>Right-of-use assets - Buildings</b>		
<b>Cost</b>		
Balance as at 1 January	4,000	4,000
Opening balance adjustment	<u>(1,892)</u>	-
<b>Balance as at 31 December</b>	<u>2,108</u>	<u>4,000</u>
<b>Accumulated Depreciation</b>		
Balance as at 1 January	800	400
Depreciation for the year	<u>654</u>	<u>400</u>
<b>Balance at 31 December</b>	<u>1,454</u>	<u>800</u>
Net book value		
<b>Balance as at 31 December</b>	<u>654</u>	<u>3,200</u>

The movement in lease liabilities is as follows:

	2021 GHS'000	2020 GHS'000
<b>Lease liabilities</b>		
Balance as at 1 January	3,631	3,831
Opening balance adjustment	<u>(1,892)</u>	-
Interest expense - finance cost	133	694
Rent expense - (reversed)/charge	<u>(870)</u>	-
Interest expense paid	-	(694)
Repayment of lease liabilities	<u>(133)</u>	<u>(200)</u>
<b>Balance at 31 December</b>	<u>869</u>	<u>3,631</u>
<b>Analysis:</b>		
Current	-	235
Non-current	<u>869</u>	<u>3,396</u>
	<u>869</u>	<u>3,631</u>

## Ghana Infrastructure Investment Fund

# Notes to the Financial Statements

### For the year ended 31 December 2021

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#### 25. Borrowings

	2021 GHS'000	2020 GHS'000
AFD - Line of credit	<u>240,244</u>	<u>-</u>

#### 26. Funds held in trust

	2021 GHS'000	2020 GHS'000
ABFA - Trust holdings	309,808	-
ATMP - ADB Account	<u>24,173</u>	<u>-</u>
	<u>333,981</u>	<u>-</u>

#### *Agenda 111*

GIIF received Petroleum Revenue Management Funds of GHS 309.80 million in the year in line with Paragraph 273 of the 2021 Budget Statement for 20 percent of the allocation for ABFA Capex to be transferred to the Ghana Infrastructure Investment Fund (GIIF) to fund Agenda 111 and other development expenditures. This has been ring fenced for Agenda 111 and hence not included in the GIIF's Financial Statements.

GIIF has been engaged by the MoF to help ensure administrative and project management efficiencies as well as payment integrity throughout the process especially for the 101 standard 100-bed district hospitals.

#### *Accra - Tema Motorway*

In line with Paragraph 429 of the 2021 Budget statement the Minister of Finance stated as follows "Applying the recently enacted Public Private Partnership Act, 2020 (Act 1039), Government will activate a unique financing model, through the Ghana Infrastructure Investment Fund. The reconstruction and upgrading of the Accra-Tema Motorway will be the flagship of this model in 2021. The dualization of the Accra- Kumasi and Accra-Cape Coast-Takoradi roads, will similarly be financed through PPP arrangements".

So far, the funds released by the Ministry of Finance to GIIF from the Project Development Facility amounts to US\$ 4.6M to undertake development activities up to financial close and beyond. This has been ring fenced for the Accra-Tema Motorway project and hence not included in GIIF's Financial Statements.

## Ghana Infrastructure Investment Fund

# Notes to the Financial Statements

For the year ended 31 December 2021

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### 27. Related party transactions

The Fund was established under a government statute, the Ghana Infrastructure Investment Fund Act, 2014 (Act 877). The Government of Ghana is considered to be related party because it has the ability to control or exercise significant influence over financial or operating decisions. The entities related to the Fund through common ownership with whom the Fund conducted business during the year are as follows:

*Interest on financial assets with related entities:*

	<b>2021</b>	2020
	<b>GHS'000</b>	GHS'000
Consolidated Bank Ghana Limited	<b>3,669</b>	20,722
Ghana Airport Company Limited	<b><u>11,259</u></b>	<u>11,142</u>

*Balances due from related entities:*

Consolidated Bank Ghana Limited - Investment securities at amortised cost	<b>147,397</b>	125,476
Consolidated Bank Ghana Limited - Bank balances	<b>12,228</b>	61,608
Ghana Airport Company Limited - Loans and advances	<b><u>189,228</u></b>	<u>170,373</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Fund directly or indirectly including any member of the Governing Board (whether executive or otherwise).

	<b>2021</b>	2020
	<b>GHS'000</b>	GHS'000
Remuneration for the Governing Board	<b>2,400</b>	1,964
Remuneration for Key Management Personnel	<b>2,929</b>	1,732

### 28. Contingent liabilities and guarantees

As at 31 December 2021, the nominal principal amount of guarantee contracts issued by the Fund is GHS 90.9 million (2020: GHS86.4 million).

The Fund did not recognise expected credit loss on its guarantee contracts for the year ended 31 December 2021 (2020: Nil) because the Fund had no incidence of default on its guarantees and has determined that there are no readily available and reliable historic and forward-looking information that could significantly impact the credit conversion ratio and resulting expected credit loss of these guarantees.

## Ghana Infrastructure Investment Fund

# Notes to the Financial Statements

## For the year ended 31 December 2021

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### 29. Commitments

The Fund's loan commitments and other credit related obligations is as follows:

	<b>2021</b>	2020
	<b>GHS'000</b>	GHS'000
Loan commitments	<b>240,244</b>	236,160
Equity investments	<b><u>213,482</u></b>	<u>93,360</u>
	<b><u>453,626</u></b>	<u>329,520</u>

### 30. Impact of COVID -19 on operations

Ghana, the country in which the Fund operates in, continues to record new COVID-19 infections as at 31 December 2021. At this stage, measures taken by government to contain the spread of COVID-19 virus has not significantly impacted the Fund's ability to operate or the Expected Credit Loss on investment securities at amortised cost and loans and advances.

### 31. Events after the reporting period

Events subsequent to the reporting date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

The Governing Board is not aware of any other material events that have occurred between the date of the statement of financial position and the date the financial statements are approved.