



2018

ANNUAL REPORT AND  
FINANCIAL STATEMENTS

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# **SENA CHARTERED SECRETARIES LIMITED**

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

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SENA CHAMBERS  
TOTAL HOUSE  
LIBERIA ROAD  
P.O. BOX AN5520  
ACCRA, GHANA

10<sup>th</sup> July 2019


**ALL DIRECTORS AND SHAREHOLDER REPRESENTATIVES  
TF PROPERTIES LIMITED  
GNAT HEIGHTS  
ACCRA - GHANA**

Dear Sir,

## **NOTICE OF MEETING**

We enclose the notice of the Seventh (7<sup>th</sup>) Annual General Meeting of TF Properties Limited to be held on Thursday, 8<sup>th</sup> day of August 2019 at 10:00a.m. at the Boardroom of the GNAT Heights, Sixth (6<sup>th</sup>) Floor, Independence Avenue, Accra.

Yours faithfully,

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

**COMPANY SECRETARY**  
(SENA CHARTERED SECRETARIES LIMITED)

## **DISTRIBUTION:**

Mr. Dominic Kwame Adu  
Mr. Anthony J.K. Quansah  
Mr. Martin Asiedu  
Mr. Prince Charles Agyemang-Duah  
Mr. Foster Buabeng  
Mr. Jacob Kholi  
Mr. Asaa Joseph Nsobila  
Mr. Michael Korletey  
Dr. Kweku Ainuson  
Mrs. Dorothy Monica Mensah

Mr. Kojo Mattah  
Mr. Charles Samuel Gyamfi  
Mr. David O. Achempong  
Mr. David Kattah  
Mr. Prince Amuzu  
Mr. Romeo Hademe  
Mr. Saaka Adams  
Mr. Amuda Kassim Issifu  
Mrs. Alberta Otoo

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

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P.O. BOX AN5520  
ACCRA, GHANA

## **NOTICE OF MEETING**

Notice is hereby given that the Seventh (7<sup>th</sup>) Annual General Meeting of TF Properties Limited will be held on Thursday, 8<sup>th</sup> August 2019 at 10:00a.m. at the Boardroom at the GNAT Heights, Sixth (6<sup>th</sup>) Floor, Independence Avenue, Accra to transact the following business:

### **AGENDA**

1. To consider and adopt the Financial Statements of the Company for the year ended the 31<sup>st</sup> December 2018 together with the Reports of the Directors and Auditors thereon.
2. To declare dividend if any.
3. To ratify the resignation of Mr. Jacob Kwame Kholi.
4. To re-appoint the External Auditors; Deloitte and Touché.
5. To authorize the Board of Directors to fix the remuneration of the External Auditors.

**Dated this 10<sup>th</sup> day of July 2019**

**By Order of the Board**

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

**COMPANY SECRETARY  
SENA CHARTERED SECRETARIES LIMITED**

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



## CORPORATE INFORMATION

### Directors:

Dominic Adu (Chairman)  
Jacob Kholi (Resigned January 2019)  
Anthony Jacklingo Kweku Quansah  
Martin Asiedu  
Foster Buabeng

### Secretary:

Sena Chambers  
1<sup>st</sup> Floor Total House  
25 Liberia Road  
Accra - North

### Registered office:

# 30 Independence Avenue  
GNAT Heights  
8th Floor  
P. O. Box CT 5363  
Cantonments, Accra

### Auditors:

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

### Bankers:

Ecobank Ghana Limited  
Stanbic Bank Ghana Limited

## BOARD PROFILE



**Dominic Adu**  
Chairman

Dominic is the Founder and Chief Executive Officer of the Ghana Home Loans Ltd., now GHL Bank. He rose from the position of Investment Analyst of AGIS (formerly CDC Capital Partners) in 1997 to become the Principal in charge of West Africa from 2001-2006. Dominic was the Finance Manager of Ashanti Goldfields Co. Ltd (Obuasi Goldmine) in 1997. Other experiences include Financial and Management Accountant with Watson Wyatt Worldwide (UK), Financial Accountant with Guys & St. Thomas Trust (UK) and Audit Senior with BDO Stoy Hayward (London). He has a Master's degree in Financial Economics from the University of London and a Bachelor's degree in Economics from the Manchester University. He is also a member of ACA-England and Wales.



**Anthony J. K. Quansah**  
Director

Anthony is the former Headmaster of Gomoa Senior High/Technical School. He holds a Bachelor of Commerce degree from the University of Cape Coast and an HND in Accountancy from Cape Coast Polytechnic. He served on the Teachers Fund Board of Trustees from January 2010 to December 2013, representing the Central Region and also on the Cape Coast Polytechnic Council from 1993 to 2004.



**Martin Amoako Asiedu**  
Director

Martin is a Valuation & Estate Surveyor, Fellow of the Ghana Institution of Surveyors. He holds a BSc (Hons) Land Economy degree from KNUST and an Executive MBA from UG, Legon. Before his appointment as a Board Member (Director) of TF Properties Ltd he was the General Manager of UGEL Hostels, University of Ghana (2005- 2012) and Facilities Manager at Red & Mas Ltd from (2000-2005). He also worked as Valuer & Estate Surveyor at KOA CONSULT (formerly Owusu-Adjapong & Co.) from 1990- 2000. He was a National Service Personnel and Assistant Valuation Officer at Land Valuation Board, Greater-Accra Region from September, 1988 to December, 1989.

## **BOARD PROFILE**



**Foster Boabeng**  
Director

Foster is the General Manager of Teachers Fund. He served the Fund in the capacity of Head, Accounts Department from 2002 to 2012 Prior to his joining Teachers Fund, he held various Accounts and Audit roles at Golden Neo-Life Diamite (2000 to 2001), Cashpro Company Ltd. (1998 - 2000), and Deloitte & Touche' (1996 to 1998).

He holds an MBA Finance Degree from University of Ghana Business School and is also a member of the Institute of Chartered Accountants (Ghana)

## **REPORT OF THE DIRECTORS**

For the year ending 31 December 2018

In accordance with the requirements of Section 132 of the Companies Act, 1963 (Act 179), the Directors have the pleasure in presenting the report of the Company for the year ended 31 December, 2018.

### **Principal activities**

The principal activity of the company is acquisition, development, rental, management and disposal of landed property and to act as estate agent.

### **Financial results**

The results of the Company are set out on pages 8 to 10. The Company recorded a net profit after tax of GHS1,777,473 as against a net profit of GHS45,483,385 in 2017. The decrease in profit can be attributed to lower valuation gain on investment property.

### **Auditor**

The auditor, Deloitte & Touché, have expressed their willingness to continue as the company's auditors in accordance with section 134 (5) of the Companies Act, 1963 (Act 179) they so continue.

### **On behalf of the board:**

  
\_\_\_\_\_  
**Director**

**Date:** 1<sup>st</sup> July, 2019

  
\_\_\_\_\_  
**Director**

**Date:** 1<sup>st</sup> July, 2019

## **STATEMENT OF THE DIRECTORS RESPONSIBILITY**

For the year ending 31 December 2018

The directors are responsible for the preparation of financial statements for each financial year which gives a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether the applicable accounting standards have been followed;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company, and which enables them to ensure that the financial statements comply with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) and the Companies Act, 1963 (Act 179). They are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

## **MESSAGE FROM THE BOARD CHAIRMAN**

Distinguished Shareholders, It is my greatest pleasure to welcome you once again to the 7<sup>th</sup> Annual General Meeting of TF Properties Ltd and to present to you its performance for the year ended 31st December, 2018.

### **ECONOMIC AND INVESTMENT ENVIRONMENT**

Ghana's economic activity continues to pick-up steadily, although slower in comparison to 2017 and below envisioned potential. This was evidenced by the Bank of Ghana's real Composite Index of Economic Activity (CIEA) which recorded an annual growth of 3.1% as at November 2018, compared to 8.3% in the corresponding period of 2017. Furthermore, lower than expected revenue and increased expenditure affected the execution of Ghana's 2018 Budget.

With regards to real GDP growth, in the first three quarters of 2018 growth averaged 6.1% compared with 9.1% for the same period in 2017. As at the third quarter of 2018, a growth rate of 7.4% was evident, up from 5.4% recorded for the first two quarters of the year. While the overall rebased GDP growth rate for 2018 is estimated at 5.6 %.( source: Ghana Property Barometer Q4, 2018).

Headline inflation declined to 9.4% by year end, after peaking at 10.6% in February. The decline was largely by non-food inflation. The Monetary Policy Rate as at the end of the year remained unchanged at 17%, with the average lending rate of banks declining to 26.9%.

Reviewing year-to-date currency appreciation & depreciation as at October 2018, the cedi depreciated against all major currencies, recording - 7.81% against the US\$, -2.26% against the Euro and - 2.37% against the pound sterling.

### **GOVERNMENTAL INTERVENTIONS**

However, Government interventions in the industry have not been significant. In the 4<sup>th</sup> Quarter of 2018, The Ghana Building Code GS 1207:2018 was launched. The Code, which was modified from an existing International Building Code, specifies the essential requirements for building and structural conformity. The development of the Code was undertaken by Ghana Standards Authority, for and on behalf of the Ministry of Works & Housing (MWH) with the support of the Swiss government through the International Finance Corporation/World Bank Group, Ghana Office.

The Code is expected to streamline activities in the construction and real estate industry by instilling professionalism and setting common standards for public health, safety, fire protection, structural efficiency and environmental integrity. The new code is said to have been benchmarked against the Green Construction Code and the International Building Code. (Source: Ghana Property Barometer Q4:2018)

There is a new move for green building projects which must be critically considered moving forward.

### **PERFORMANCE OF THE REAL ESTATE INDUSTRY**

The performance of the office market has been sluggish during for the greater part of 2018 and the Q1 of 2019. However, activity seems to have picked up slightly with a few take-ups having been noted. A-grade asking rentals ranged between US\$30/m<sup>2</sup>/month to US\$38/m<sup>2</sup>/month whilst B-grade varied from US\$19/m<sup>2</sup>/month to US\$25/m<sup>2</sup>/month. Vacancy rates within A-grade buildings were around 25%.

Supply of A-grade office space has increased by approximately 11,975m<sup>2</sup> in the fourth quarter of 2018. With an overall total of 54,658m<sup>2</sup> added to the country's office stock in 2018. New buildings include the likes of SCB Tower, 335 Place, SU Tower and Atlantic Tower, among others. The delivery of this additional space has resulted in supply outstripping demand, as such mounting pressure on existing landlords to review their rental prices downwards. This is expected to continue well into 2019/2020. Additionally, average occupier demand is anticipated to remain within the 80m<sup>2</sup> – 150m<sup>2</sup> range.



## **MESSAGE FROM THE BOARD CHAIRMAN**

Demand for serviced offices (fully fitted and furnished) seems to be a rising trend. These types of offices tend to be preferred as the burden of huge capital outlay in terms of initial fit out costs to the tenant is eliminated. Currently businesses and individuals have taken-up office spaces as well as converted stand-alone for these purposes. Notable amongst them are Regus, Horizon and Empower. (Source: Ghana Property Barometer, Q4, 2018)

In 2019, demand for office space is anticipated to increase largely due to the country having recorded 117 new businesses with foreign participation from January to September 2018; a number of these businesses may be prepared to establish offices in the country. Unfortunately, such businesses are looking at small office spaces at lower rents or semi/fully serviced.

### **PERFORMANCE OF TFPL**

Rental Income for the year under review was GHS 6,550,571; this was 24% decrease over that of 2017 which stood at GHS 8,581,207. Operating cost decreased by 16% from GHS 2,349,139 in 2017 to GHS 1,967,149 in 2018. Gross profit decreased by 26% in 2018 from GHS 6,232,068 to GHS 4,583,422.

Administrative expenses went down by 32% to GHS 2,871,592 in 2018 FROM GHS 4,215,494 in 2017. The reduction was due to fall in revenue.

The net result for the year 2018 was a profit of GHS 1,777,473 as against GHS 45,493,385 in 2017, a decrease of 96% as a result of lesser appreciation in the fair values of the investment properties.

The Company's indebtedness to Teachers Fund stands at GHS 25,004,857 at end of 2018 against the value of the investment in properties of GHS 206,042,974.

Shareholder fund in the properties is GHS 163,928,100

### **INVESTMENT PROPERTIES AND PROJECTS**

Following a series of marketing campaigns commenced since 2016, the pre-let target of 60% needed to get approval for the commencement of Project Vista has not been achieved. This is a clear reflection of the issue of reduction in demand for office space in Accra on TF Properties Ltd. As a result the Board took a bold decision to put Project Vista on hold to enable the Company rethink of the next best alternative for the use of the Land. Options being explored include doing a de-scaled Vista with various iterations for the lettable area and an option to combine offices with retail. These will be duly analysed and an investment proposal presented to the Shareholder for approval in the ensuing year.

The main investment property, the GNAT Heights also had its fair share of the vacancies with the exit of Energy Bank and the merger between Airtel and Tigo. With low occupancy levels, it is felt that the time is ripe to refurbish the property in anticipation of the market turnaround. Various options ranging from full refurbishment to partial refurbishment in the ensuing year are being explored.

The next investment property, the JTN Yankah Hall, continues to operate at full occupancy, and the trend is expected to continue in the medium to long term.

The last investment property, the North Ridge office, is operating at full capacity, even with the exit of Credit Mall Limited to a third party rented premises. Discussions are ongoing with the Group for the relocation to GNAT Heights, post refurbishment.

## **MESSAGE FROM THE BOARD CHAIRMAN**

### **CONCLUSION & FUTURE OUTLOOK**

Over the past 10 years, we have succeeded in building a strong and resilient real estate development and management company that is one of the pacesetters in the industry today. We could not have achieved this feat without the unwavering commitment to the vision from our Shareholders, Board, Management and staff over the years. We are optimistic that the year 2019 will be another challenging but great year for the Company as we focus on developing better options for both existing and new projects, thus driving business and revenue growth, increasing operational efficiency and enhancing customer experience as we increase tenant retention.

God bless GNAT, Teachers Fund, TF Properties Ltd and may God bless Ghana.  
Thank you.

**DOMINICADU  
CHAIRMAN**

### **Opinion**

We have audited the accompanying financial statements of TF Properties Limited which comprise the statement of financial position as at 31 December 2018, the statement of comprehensive income retained earnings, 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 TF Properties Limited as at 31 December 2018 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) for Small and Medium-sized Entities (IFRS for SMEs) and in the manner required by the Companies Act, 1963 (Act 179).

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the requirements of the International Federation of Accountants Code of Ethics for Professional Accountants (IFAC Code) as adopted by the Institute of Chartered Accountants Ghana (ICAG) and we have fulfilled our other ethical responsibilities in accordance with the IFAC Code. 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 Statement of Directors' Responsibility and the Report of the Directors. The other information does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work, we have performed on the other information 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.

## **INDEPENDENCE AUDITOR'S REPORT (CONT'D)**

### **Responsibilities of the Directors for the Financial Statements**

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) for Small and Medium-sized Entities (IFRS for SMEs), and the requirements of the Companies Act, 1963 (Act 179) and for such internal control as the directors 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 directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's 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 the 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of 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.

## **INDEPENDENCE AUDITOR'S REPORT (CONT'D)**

- 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 audit committee and the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

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

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

- We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- The Company has kept proper books of account, so far as appears from our examination of those books.
- The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

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



**For and on behalf of Deloitte & Touche (ICAG/F/2019/129)**

**Chartered Accountants**

**The Deloitte Place,**

**Plot No.71, Off George Walker Bush Highway**

**North Dzorwulu**

**Accra, Ghana**

**5<sup>TH</sup> JULY, 2019.**

## **Statement of comprehensive income and retained earnings**

For the year ending 31 December 2018

	Notes	2018 GHS	2017 GHS
Revenue	4	6,550,571	8,581,207
Direct cost	5	<u>(1,967,149)</u>	<u>(2,349,139)</u>
Gross profit		4,583,422	6,232,068
Other income	6	270,417	404,814
Revaluation gain on Investment properties	11	3,546,609	59,682,707
General and administrative expenses	7	<u>(2,871,594)</u>	<u>(4,215,494)</u>
Profit before finance cost and tax		5,528,854	62,104,094
Finance cost	8	<u>(3,548,638)</u>	<u>(4,163,794)</u>
Profit before tax		1,980,216	57,940,301
Income tax expense	9(a)	<u>(202,744)</u>	<u>(12,446,916)</u>
Profit for the year		1,777,473	45,493,385
Retained earnings at start of the year		<u>107,851,955</u>	<u>62,358,570</u>
Retained earnings as at end of the year		<u>109,629,428</u>	<u>107,851,955</u>


*The notes form an integral part of these financial statements*




## Statement of financial position

As at 31 December 2018

Assets		2018	2017
Non-current assets	Notes	GHS	GHS
Property, plant and equipment	10	354,297	430,422
Investment property	11	206,042,974	202,496,365
Capital Work in progress	13(b)	8,707,344	7,882,026
Investment GOG Bonds		<u>988,328</u>	<u>-</u>
<b>Total non-current asset</b>		<b><u>216,092,943</u></b>	<b><u>210,808,813</u></b>
<b>Current assets</b>			
Trade and other receivables	13	1,803,691	3,311,814
Cash and cash equivalent	14	3,021,452	3,044,793
Current tax asset	9(c)	<u>2,271,065</u>	<u>1,943,946</u>
<b>Total current asset</b>		<b><u>7,096,208</u></b>	<b><u>8,300,553</u></b>
<b>Total assets</b>		<b><u>223,189,151</u></b>	<b><u>219,109,366</u></b>
<b>Liabilities and equity</b>			
<b>Equity</b>			
Stated capital	15	54,298,673	54,298,673
Retained earnings		<u>109,629,428</u>	<u>107,851,955</u>
<b>Total equity</b>		<b><u>163,928,101</u></b>	<b><u>162,150,628</u></b>
<b>Non-current liability</b>			
Long term loan	16	25,004,857	22,554,996
Deferred tax liabilities		<u>29,485,779</u>	<u>29,283,035</u>
<b>Total non-current liability</b>		<b><u>54,490,636</u></b>	<b><u>51,838,031</u></b>
<b>Current liabilities</b>			
Trade payables	17	<u>4,770,415</u>	<u>5,120,707</u>
<b>Total current liabilities</b>		<b><u>4,770,415</u></b>	<b><u>5,120,707</u></b>
<b>Total Liability</b>		<b><u>59,261,050</u></b>	<b><u>56,958,739</u></b>
<b>Total Liabilities and equity</b>		<b><u>223,189,151</u></b>	<b><u>219,109,366</u></b>

  
Director

Date: 1<sup>st</sup> July 2019

  
Director

Date: 1<sup>st</sup> July 2019

The notes form an integral part of these financial statements

## Statement of cash flows

For the year ending 31 December 2018

Operating activities	Note	2018 GHS	2017 GHS
Profit before tax		1,980,216	57,940,301
<b>Adjustments for non-cash income and expenses:</b>			
Depreciation of property, plant and equipment		139,764	214,534
Revaluation gain on investment properties		(3,546,609)	(59,682,707)
Loss on disposal of assets		<u>2,362</u>	<u>-</u>
<b>Cash flow included in investing activities:</b>		(1,424,267)	(1,527,872)
Change in Trade and other receivables		1,508,123	1,064,122
Change in Trade and other payables		<u>(350,292)</u>	<u>(2,387,472)</u>
<b>Cash flow from operating activities</b>		(266,436)	(2,851,222)
Tax paid		<u>(327,119)</u>	<u>(685,520)</u>
<b>Net cash from operating activities</b>		<u>(593,555)</u>	<u>(3,536,742)</u>
<b>Cash flows from investing activities</b>			
Purchases of property plant and equipment		(66,000)	(70,211)
Additions to investment properties		-	(42,395)
Additions to Capital work in progress		(825,318)	(58,677)
Increase in long term investment		<u>(988,328)</u>	<u>-</u>
<b>Net cash used in investing activities</b>		<u>(1,879,646)</u>	<u>(171,283)</u>
<b>Cash flows from financing activities</b>			
Increase in borrowings		<u>2,449,860</u>	<u>582,506</u>
<b>Net cash used in financing activities</b>		<u>2,449,860</u>	<u>582,506</u>
<b>Net decrease in cash and cash equivalents</b>		(23,341)	(3,125,517)
Cash and cash equivalents at beginning of year		<u>3,044,793</u>	<u>6,170,310</u>
<b>Cash and cash equivalents at end of year</b>	<b>14</b>	<u>3,021,452</u>	<u>3,044,793</u>

*The notes form an integral part of these financial statements*

## **Notes to the Financial Statements**

For the year ending 31 December 2018

### **1. General information**

TF Properties Limited is a limited liability company incorporated in Ghana. The address of its registered office and principal place of business is # 30 Independence Avenue GNAT Heights 8th Floor, P. O. Box CT 5363 Cantonments, Accra.

The principal activity of the company is Acquisition, Development, Rental, Management and Disposal of Landed property and to act as estate agent.

### **2. Summary of significant accounting policies**

#### **a. Basis of preparation and accounting policies**

The financial statements prepared by TF Properties Limited are in accordance with the 'IFRS for Small and Medium-sized Entities' issued by the International Accounting Standards Board. The financial statements are presented in Ghana Cedi (GHS).

#### **b. Judgments and Estimates**

The presentation of financial statements in conformity with IFRS for SMEs requires management to make judgments, estimates and assumptions that affects the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the note 3.

#### **c. Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The company's policy for recognition of revenue from operating leases is described in note 2.4 below. Revenue represent rent income received from tenants and falling within the accounting year. Interest income is recognized using the effective interest rate method.

#### **d. Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.



## **Notes to the Financial Statements**

For the year ending 31 December 2018

### **d. Leasing (continued)**

Amounts due from lessees under finance leases are recognised as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### **e. Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

### **f. Taxation**

#### **i. Income Tax**

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year.

## **Notes to the Financial Statements**

For the year ending 31 December 2018

### **ii. Current Tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income/income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### **iii. Deferred tax**

Deferred income tax is recognised on temporary differences (other than temporary differences associated with unremitted earnings from foreign subsidiaries and associates to the extent that the investment is essentially permanent in duration and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

### **g. Property, plant and equipment**

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of property, plant and equipment:

Software	33%
Fixtures and Fittings	15%
Office Equipment	15%
Leasehold Property	Over the year of the Lease
Buildings	3%
Motor Vehicle	25%
Beddings	50%

## **Notes to the Financial Statements**

For the year ending 31 December 2018

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains/ (losses) – net' in the profit or loss.

### **h. Investment property**

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognised. Details of investment properties are disclosed in note 12.

### **i. Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

### **j. Impairment of assets**

At each reporting date, property, plant and equipment, intangible assets, and investments in associates are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.



## **Notes to the Financial Statements**

For the year ending 31 December 2018

### **j. Impairment of assets - continued**

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

### **k. Trade and other receivables**

Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

### **l. Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at banks and in hand, short-term fixed deposits with an original maturity of three months or less, bank overdrafts which are repayable on demand. All of the component of the cash and cash equivalent form an integral part of the company's cash management. Cash and cash equivalents are measured subsequently at amortised cost.

### **m. Trade payables**

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

### **n. Borrowings**

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the lender, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

### **o. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## **Notes to the Financial Statements**

For the year ending 31 December 2018

### **o. Provisions - continued**

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably

### **p. Employee benefits**

The company operates a defined contribution plan and a defined benefit plan. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Under the National pension scheme, the company contributes 13% of employees' basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pension. The company's obligation is limited to the relevant contribution, which were settled on due dates. The pension liabilities and obligation therefore rest with SSNIT.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period.

### **q. Critical accounting judgments and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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 the revision and future periods if the revision affects both current and future periods.

## Notes to the Financial Statements

For the year ending 31 December 2018

### 3. Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### i. Fair value measurements and valuation processes

The company's investment properties are measured at fair value for financial reporting purposes. The board of directors of the company appointed a qualified external valuer to determine the appropriate valuation techniques and inputs for fair value measurements. The qualified external valuer established the appropriate valuation techniques and inputs to the model.

### 4. Revenue

	2018 GHS	2017 GHS
Rental income	<u>6,550,571</u>	<u>8,581,207</u>

### 5. Direct cost

	2018 GHS	2017 GHS
Security Expense	249,730	267,336
Utilities	421,934	383,489
Repairs and Maintenance	630,173	970,700
Ground Rent	48,945	54,015
Horticulture	19,861	22,706
Pest control	12,469	14,928
Cleaning & Sanitation	291,015	258,858
Fuel	75,960	133,257
Property Rate	30,080	18,855
Insurance	176,697	206,879
Fire and Safety	<u>10,285</u>	<u>18,116</u>
	<u>1,967,149</u>	<u>2,349,139</u>

## Notes to the Financial Statements

For the year ending 31 December 2018

### 6. Other income

	2018 GHS	2017 GHS
Interest on Short Term Investment	132,939	252,574
Shuttle	32,328	48,515
Exchange gain	100,432	79,465
Others	7,080	24,260
Gain (Loss) on disposal of asset	<u>(2,362)</u>	<u>-</u>
	<b><u>270,417</u></b>	<b><u>404,814</u></b>

### 7. General and administrative expenses

	2018 GHS	2017 GHS
Telephone and Telex	10,997	14,140
Printing and stationery	11,752	21,099
Depreciation	139,764	214,534
Audit fees	50,000	40,000
Bank Charges	2,177	4,761
Sundry Expenses	313,039	231,085
Personnel Cost	1,406,273	1,331,269
Directors Emoluments	178,800	178,800
Other professional charges	168,263	362,961
Cable Television-DSTV	15,124	14,630
Medical Bills	67,236	54,260
Fuel & lubricants	99,928	78,450
Provision for Bad Debts	-	1,449,505
GHOS expenses	408,241	-
Stamp duty and fees	<u>-</u>	<u>220,000</u>
	<b><u>2,871,594</u></b>	<b><u>4,215,494</u></b>

### 8. Finance cost

	2018 GHS	2017 GHS
Loan interest	<b><u>3,548,638</u></b>	<b><u>4,163,794</u></b>



## Notes to the Financial Statements

For the year ending 31 December 2018

### 9. Taxation

#### (a) Income tax expense

	2018 GHS	2017 GHS
Current income tax	-	-
Deferred Tax	<u>202,744</u>	<u>12,446,916</u>
	<u>202,744</u>	<u>12,446,916</u>

Income tax is calculated at the rate of 25% (2017:25%) of the estimated assessable profit for the year.

Income tax expense for the year GHS 202,744 in 2018 (GHS 12,446,916 in 2017) differs from the amount that would result from applying the tax rate of 25% (both 2018 and 2017) to profit before tax because, under the tax laws of Ghana items such as depreciation of GHS139,764 that is recognised in measuring profit before tax is not tax-deductible.

#### (b) Deferred Tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 25% (2017: 25%). The movement on the deferred income tax account is as follows:

	2018 GHS	2017 GHS
At start of year	29,283,035	16,836,119
Income statement charge	<u>202,744</u>	<u>12,446,916</u>
At end of year	<u>29,485,779</u>	<u>29,283,035</u>

The deferred tax resulted mainly from temporary differences from capital allowance, revaluation of investment property and provisions.

#### (c) Corporate tax

	At 1/1/2018 GHS	Profit/Loss account GHS	Paid during the year GHS	At 12/31/2018 GHS
2015	(408,860)	-	(11,433)	(420,293)
2016	(204,436)	-	-	(204,436)
2017	(1,330,650)	-	(74,947)	(1,405,597)
2018	<u>-</u>	<u>-</u>	<u>(240,739)</u>	<u>(240,739)</u>
	<u>(1,943,946)</u>	<u>-</u>	<u>(327,119)</u>	<u>(2,271,065)</u>

## Notes to the Financial Statements

For the year ending 31 December 2018

### 10a. Property Plant and equipment

	Office Equipment	Furniture & Fittings	Motor vehicle	Beddings	Total
Cost	GHS	GHS	GHS	GHS	GHS
Balance at 1 January 2018	88,467	633,960	524,891	89,800	1,337,118
Additions	7,500	43,300	-	15,200	66,000
Disposals	(2,500)	(1,390)	-	-	(3,890)
Balance at 31 December 2018	<u>93,467</u>	<u>675,870</u>	<u>524,891</u>	<u>105,000</u>	<u>1,399,228</u>
Depreciation					
Balance at 1 January 2018	63,897	272,500	484,962	85,337	906,696
Charge for the year	4,545	88,927	39,929	6,363	139,764
Disposal / adjustments	(938)	(591)	-	-	(1,529)
Balance at 31 December 2018	<u>67,504</u>	<u>360,836</u>	<u>524,891</u>	<u>91,700</u>	<u>1,044,931</u>
Net Book Value as at 31 December 2018	<u>25,963</u>	<u>315,034</u>	<u>-</u>	<u>13,300</u>	<u>354,297</u>
Balance at 1 January 2017	74,669	577,548	524,891	89,800	1,266,908
Additions	13,798	56,412	-	-	70,210
Balance at 31 December 2017	<u>88,467</u>	<u>633,960</u>	<u>524,891</u>	<u>89,800</u>	<u>1,337,118</u>
Depreciation					
Balance at 1 January 2017	60,797	177,908	388,312	65,145	692,162
Charge for the year	3,100	94,592	96,650	20,192	214,534
Balance at 31 December 2017	<u>63,897</u>	<u>272,500</u>	<u>484,962</u>	<u>85,337</u>	<u>906,696</u>
Net Book Value as at 31 December 2017	<u>24,570</u>	<u>361,460</u>	<u>39,929</u>	<u>4,463</u>	<u>430,422</u>



## Notes to the Financial Statements

For the year ending 31 December 2018

### 11. Investment properties

Fair values	<u>Ridge Land</u> GHS	<u>Hostel - Legon</u> GHS	<u>Ridge offices</u> GHS	<u>Gnats Heights - Offices</u> GHS	<u>Kasoa Lands</u> GHS	<u>Plant &amp; Equipment</u> GHS	<u>Kumasi land</u> GHS	<u>Total</u> GHS
Balance at 1 January 2018	21,188,419	60,484,467	12,297,914	95,480,000	6,841,535	1,472,174	4,731,856	202,496,365
Additions	-	-	-	-	-	-	-	-
Adjustment/ disposal	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	(1,167,935)	-	4,714,544	3,546,609
Balance at 31 December 2018	<u>21,188,419</u>	<u>60,484,467</u>	<u>12,297,914</u>	<u>95,480,000</u>	<u>5,673,600</u>	<u>1,472,174</u>	<u>9,446,400</u>	<u>206,042,974</u>
Balance at 1 January 2017	11,187,133	46,224,924	6,493,094	65,801,920	6,841,535	1,490,801	4,731,856	142,771,264
Additions	-	-	-	-	-	42,395	-	42,395
Adjustment/ disposal	-	-	-	-	-	-	-	-
Revaluation	10,001,286	14,259,543	5,804,820	29,678,080	-	(61,022)	-	59,682,707
Balance at 31 December 2017	<u>21,188,419</u>	<u>60,484,467</u>	<u>12,297,914</u>	<u>95,480,000</u>	<u>6,841,535</u>	<u>1,472,174</u>	<u>4,731,856</u>	<u>202,496,365</u>

## Notes to the Financial Statements

For the year ending 31 December 2018

### 11.1. Fair value of investment properties

The fair value of the Company's investment property at 31 December 2018 has been arrived at on the basis of a valuation carried out at that date by Property Solutions Limited, independent valuers not connected with the Company. The valuation conforms to International Valuation Standards. The fair value was determined based on the depreciated replacement cost approach.

The valuation technique used is the Depreciated Replacement Cost; defined also as the current cost of acquiring the assets as new less and appropriate deduction for the present condition. And inputs used in the fair value has been measured through physical inspections, sketches of plans and measurements, location and neighbourhood characteristics, improvements and external works, current development cost, as well as cost dilapidation.

There has been no change to the valuation technique during the year.

Details of the Company's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

	Level 1	Level 2	Level 3	Fair Value as at 31/12/2018
<b>Investment property:</b>				
Hostel Building	-	-	60,484,467	60,484,467
Building Ridge Office Building	-	-	12,297,914	12,297,914
GNAT Heights Office complex	-	-	95,480,000	95,480,000
Land at Kasoa /Nyanyano	-	-	5,673,600	5,673,600
Land – Kumasi (Adum)	-	-	9,446,400	9,446,400
Land - North Ridge Accra	-	-	21,188,419	21,188,419
Plant and Equipment at Accra	-	-	1,472,174	1,472,174
<b>Total</b>	<u>-</u>	<u>-</u>	<u>206,042,974</u>	<u>206,042,974</u>
	Level 1	Level 2	Level 3	Fair Value as at 31/12/2017
Investment property:				
Hostel Building	-	-	60,484,467	60,484,467
Building Ridge Office Building	-	-	12,297,914	12,297,914
GNAT Heights Office complex	-	-	95,480,000	95,480,000
Land at Kasoa /Nyanyano	-	-	6,841,535	6,841,535
Land – Kumasi (Adum)	-	-	4,731,856	4,731,856
Land - North Ridge Accra	-	-	21,188,419	21,188,419
Plant and Equipment at Accra	-	-	1,472,174	1,472,174
<b>Total</b>	<u>-</u>	<u>-</u>	<u>202,496,365</u>	<u>202,496,365</u>

There were no transfers between Levels 1 and 2 during the year.

## Notes to the Financial Statements

For the year ending 31 December 2018

Investment Property	Valuation Technique	Significant unobservable input (s)	Sensitivity
Hostel Building at Legon, Accra	Depreciated Replacement* Cost Approach	Cost dilapidation and depreciation factor.	A slight increase in the depreciation factor used would result in a significant decrease in fair value, and vice versa.
Ridge Office Building at Accra		Local currency depreciation rate against the Dollar	
GNAT Heights Office complex at Ridge, Accra		Neighbourhood characteristics	Slight depreciation of the Ghana cedi leads to significant increase in fair value in reporting currency and vice versa
Land at Kasoa Nyanyano			
Land – Kumasi (Adum)			
Land - North Ridge Accra		State of disrepair and unexpired useful life	Change in settlement and economic impact of land site significantly affect fair value of the properties.
Plant and Equipment at Accra			The higher the state of repairs and or lower the unexpired live of plant the lower the fair value and vice versa

The Company has pledged all of its investment property to secure an intercompany loan from Teachers Fund, its parent company.

The property rental income earned by the Company from its investment property, all of which is leased out under operating leases, amounted to **GHS 6,550,571** (2017: GHS 8,581,207).

Direct operating expenses arising on the investment property, all of which generated rental income in the year, amounted to **GHS 1,967,149** (2017: GHS 2,349,139).

## Notes to the Financial Statements

For the year ending 31 December 2018

### 12. Intangible assets

#### Software

##### Cost

	2018 GHS	2017 GHS
Balance at 1 January	20,572	20,572
Additions	-	-
Balance at 31 December	<u>20,572</u>	<u>20,572</u>

##### Amortisation

Balance at 1 January	20,572	20,572
Charge for the year	-	-
<b>Balance at 31 December</b>	<b><u>20,572</u></b>	<b><u>20,572</u></b>
<b>Net Book Value as at 31 December</b>	<b><u>-</u></b>	<b><u>-</u></b>

### 13. Trade and other receivables

	2018 GHS	2017 GHS
Trade receivables	2,953,910	3,190,751
Provision for bad debts	<u>(1,449,505)</u>	<u>(1,449,505)</u>
	1,504,405	1,741,246
Staff Loans	265,109	232,901
Other receivables	<u>34,177</u>	<u>1,337,667</u>
	<b><u>1,803,691</u></b>	<b><u>3,311,814</u></b>

The company made nil provision for bad debts during the period (2017: GHC1,449,505) against trade receivables due to default by customers.

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

#### 13 (b) Project Work in Progress - Long term

	2018 GHS	2017 GHS
Balance at 1 January	7,882,026	7,823,349
Additions	<u>825,318</u>	<u>58,677</u>
Balance at 31 December	<b><u>8,707,344</u></b>	<b><u>7,882,026</u></b>

## Notes to the Financial Statements

For the year ending 31 December 2018

### 14. Cash and cash equivalent

	2018 GHS	2017 GHS
Cash at bank	1,614,555	410,046
Cash in hand	12,123	2,035
Short term investment	<u>1,394,774</u>	<u>2,632,712</u>
	<u>3,021,452</u>	<u>3,044,793</u>

### 15. Stated Capital

The number of authorised shares is 10,000,000 shares of no par value. Stated capital is made up as follows:-

	Number of Shares	Amount GHS
Issued and fully paid in cash	<u>3,689,934</u>	<u>54,298,673</u>

There is no unpaid liability on any shares.

### 16. Borrowings

#### Non - Current

Loan from Teachers Fund	25,004,857	22,554,996
-------------------------	------------	------------

#### Current

Loan from Teachers Fund	-	-
Total borrowings	<u>25,004,857</u>	<u>22,554,996</u>

The loan facility will expire in 2023 and the interest rate is 20% per annum.

A finance charge provision of GHS3,548,638 was made during the period against interest charged on the borrowings.



## Notes to the Financial Statements

For the year ending 31 December 2018

### 17. Trade and other payables

	2018 GHS	2017 GHS
Trade payables	17,131	1,209
Other payables	202,078	89,024
Accruals	128,001	95,394
Deferred incomes	<u>4,423,205</u>	<u>4,935,080</u>
	<u>4,770,415</u>	<u>5,120,707</u>

Trade payables refer to the amount due to supplies

### 18. Related party transactions

The following transactions were entered into with other related companies during the year:

The balances outstanding as at year-end were as follows:

	2018 GHS	2017 GHS
<b>Amount due to related parties</b>		
Teachers Fund	<u>25,004,857</u>	<u>22,554,996</u>
<b>Amount due from related parties</b>		
Teachers Fund	18,511	1,661
TF Financial Services Ltd	387,852	233,750
Credit Mall Limited	<u>25,204</u>	<u>25,204</u>
	<u>431,567</u>	<u>260,615</u>

The company rented out facilities to related parties, repaid loan and obtained further funding as follows:

	2018 GHS	2017 GHS
<b>Transaction with related parties</b>		
TF Financial Services – Office rental	369,595	337,221
Teachers Fund – Office rental	834,966	673,881
Teachers Fund – Interest capitalized as loan	3,548,638	4,163,794
Teachers Fund – Debt converted as deposit for shares	-	44,000,000
Loan repaid to Teachers Fund	<u>(1,098,777)</u>	<u>(3,581,288)</u>
	<u>3,654,422</u>	<u>45,593,608</u>

## Notes to the Financial Statements

For the year ending 31 December 2018

### Key management compensation

The compensation paid or payable to key management for employee services is shown below:

	2018 GHS	2017 GHS
Remuneration	<u>614,292</u>	<u>597,251</u>

### Directors' remuneration

During the year, board fees paid to the Directors of the company amounted to GHS 178,800 (2017: GHS 178,800)

### Terms and conditions of related party transactions

The transactions with related parties attract no interest. Outstanding balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2018, the company has not recorded any impairment of receivables relating to amounts owed by related parties.

### 19. Contingencies

There were no contingent liabilities at the end of the period under review. (2017: nil)

### 20. Commitments

#### (a) Capital commitments

There was no commitment for capital expenditure entered into but not provided for as at 31 December 2018 (2017: nil).

### 21. Event after the reporting period

No significant event occurred after the end of the reporting date which is likely to affect these financial statements.

## MESSAGE FROM THE GENERAL MANAGER- TF PROPERTIES LTD.

*The Chairman of Board of Directors (TF Properties Ltd), Chairman of the Board of Trustees (Teachers Fund), distinguished Regional and External Trustees, Auditors from Deloitte & Touche, Management & Staff present, Ladies and Gentlemen!*



**I**would like to begin by thanking the Almighty God for supporting TF Properties Ltd in the last decade. The year 2018 was an exceptionally difficult year as the economy and in particular the real estate sector was shaken to the core. The slower GDP growth rate of 6.2% in 2018 following rebasing in the previous year, the consolidation of the five commercial banks, and the inability of several financial institutions to pay depositors funds worsened the already precarious situation of oversupply of office space in the market accompanied by falling rents. These have significantly eroded investor confidence in the industry. On the otherhand, the increase enrolment in tertiary institutions in Ghana had a positive outlook on providers of student hostel facilities.

The performance results as enshrined in the Audited Accounts and Financial Statements for 2018 is therefore a clear reflection of the above state of affairs, highlights of which are given below:

- The Company experienced a drop in occupancy levels at the GNAT Heights with an occupancy rate of 55% on year end down from 95% in May 2017. This trend commenced with the exit of Broadband Home (through legal action) and the merger between Airtel and Tigo.
- We were able to maintain full occupancy status at the James Topp Nelson Yankah Hall (a 1,000 Bed Capacity Hostel at University of Ghana Campus, Legon).
- We also operated at full occupancy at the North Ridge Office.
- We secured and published the demolition order for the Nyanyano land only to be slapped with a new case of fraud against Teachers Fund. This is still pending.

In the midst of the above challenges and highlights, the Company set out to develop various options for its existing and soon to be developed investment properties to enable us position ourselves in readiness for the market turnaround. These include:

- Full refurbishment of GNAT Heights now while deferring project Vista till the market shows signs of turnaround.
- Partial refurbishment of GNAT Heights now and the implementation of a de-scaled Vista to include options for offices and retail now. We shall not compromise on the exquisite design of the facility, the excellent façade, provisions for a green building with resultant savings in energy cost, provision for a Building Monitoring System (BMS) in the de-scaled Vista.
- Discussions on relocating the Group to GNAT Heights is also underway.

**MESSAGE FROM THE GENERAL MANAGER- TF PROPERTIES LTD.**

The above options will be subjected to an investment analysis and the results communicated to the shareholders for approval.

Amidst hopes that the market will bounce back anytime soon, frantic efforts are being made to employ a Leasing Officer to take full responsibility for the leasing function in the ensuing year for both the GNAT Heights and the Vista.

The year 2019 is expected to be a challenging year for our business. However, looking ahead we still believe that the overall trends driving the real estate market will support future growth. In TF Properties, we are well-positioned to contribute to the continued journey towards increased implementation of sound and sustainable business principles that are of key importance in order to deliver value creation for our shareholders.

Let me first thank the management team and staff who by dint of hard work have sailed the company in these challenging times. I also express my sincere gratitude to the Board of Directors and other stakeholders for their invaluable assistance, direction and visionary leadership. Last but not the least and most importantly, I thank the Creator for the wisdom and courage to press on, hoping that 2019 will be a better year.

Thank you.

**CHARLES GYAPONG**

General Manager - TF Properties Ltd.





*Forecourt of J.T.N. Yankah Hall, University of Ghana*



*A room in J.T.N. Yankah Hall, University of Ghana*



*Notes:*

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