



2019 ANNUAL REPORT AND FINANCIAL STATEMENTS

TF  **Properties Ltd.**
A Subsidiary of Teachers Fund

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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

22nd July 2020

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

Dear Sir/Madam

NOTICE OF MEETING

We enclose the notice of the ninth (9th) Annual General Meeting of TF PROPERTIES LIMITED to be held on Monday the 27th day of July 2020 at 02:00GMT via Google Meet.

Your presence will be appreciated.

Yours faithfully,



COMPANY SECRETARY

(SENA CHARTERED SECRETARIES LIMITED)

DISTRIBUTION:

Mr. Kojo Mattah
Mr. Prince Charles Agyemang-Duah
Mr. Romeo Hademe
Mr. Michael Korletey
Dr. Kweku Ainuson
Mrs. Dorothy Monica Mensah
Mr. Thomas T. Musah
Mr. Mr. Saaka Adams

Mr. Charles Samuel Gyamfi
Mr. Prince Amuzu
Mr. Asaa Joseph Nsobila
Mr. Amuda Kassim Issifu
Mrs. Alberta Otoo
Mr. David Kattah
Mr. Foster Buabeng

DIRECTORS: SAM OKUDZETO, FCIS (CHAIRMAN), ESINE OKUDZETO, LLB(HONS), BBA (HONS)

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NOTICE OF MEETING

Notice is hereby given that the 2020 Annual General Meeting of TF PROPERTIES LIMITED will be held on Monday the 27th day of July 2020 at 02:00GMT via Google Meet to transact the following business:

AGENDA

1. To receive the Report of Directors and the Audited Accounts for the year ended 31st December 2019 and the Report of the External Auditors thereon.
2. To declare dividend if any.
3. To fix Directors Board fees and sitting allowance
4. To ratify the appointment of External Auditors Messrs Deloitte & Touche.
5. To authorize the Board of Directors to fix the remuneration of the Auditors.

DATED THIS 22ND DAY OF JULY 2020.

By order of the Board


COMPANY SECRETARY
(SENA CHARTERED SECRETARIES)

DIRECTORS: SAM OKUDZETO, FCIS (CHAIRMAN), 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
1st 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)

TF Properties Limited

Report of the directors

For the year ended 31 December 2019

In accordance with the requirements of Section 136 of the Companies Act, 2019 (Act 992), the Directors have the pleasure in presenting the report of the Company for the year ended 31 December, 2019.

Nature of Business

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 10 to 29. The Company recorded a net profit after tax of GHS 413,533 as against a net profit of GHS 1,777,473 in 2018. The decrease in profit can be attributed to nil valuation gain on investment property.

Holding Company

The company is wholly owned by Teachers Fund. It does not have any subsidiaries.

Particulars of entries in the Interests Register during the financial year

No Director had any interest in contracts and proposed contracts with the Company during the year under review, hence there were no entries recorded in the Interests Register as required by 194(6), 195(1)(a) and 196 of the Companies Act, 2019 (Act 992).

Corporate social responsibility and code of ethics

The company provides among its lines of business a hostel facility on University of Ghana Campus which it runs as a hall of residence to help ease student residential problems that the University faced. User facility fees collected are within limits set by the University and which is lower than the facility would have earned elsewhere in the city. The facility provided Junior Common Room (JCR) function for 'Undergraduates.

We also hosted, free of charge for 21 days, the National Identification Authority team when they came to carry out registration exercise on campus.

Capacity building of directors to discharge their duties

Teachers Fund, the sole shareholder, held corporate governorship training for its Trustees of which the Directors of the subsidiaries benefited.

Auditor

In accordance with Section 139(5) of the Companies Act, 2019 (Act 992), Deloitte & Touche will remain in office as auditors for the company. As at 31 December 2019, the amount payable in respect of audit fees was GHS51,000 (2018: GHS 50,000).

TF Properties Limited

Report of the directors

For the year ended 31 December 2019

Going concern

Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement. We have assessed the impact of Covid-19 outbreak on our business and have prepared the financial statements on going concern basis because management does not intend to liquidate as the uncertainties bordering on cash flow constraints and loss of tenants that could emanate from Covid-19 outbreak does not cast doubt upon the entities ability to continue as a going concern.

Dividend

The Directors do not recommend the payment of a dividend to members (2018: Nil).

Approval of the report of the directors

The report of the directors of was approved by the board of directors on 16th July 2020 and signed on their behalf as follows:



Director

Date: 20-07-2020



Director

Date: 20-07-2020

TF Properties Limited

Statement of directors' responsibilities

For the year ended 31 December 2019

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, 2019 (Act 992). 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 Shareholder representatives, it is my greatest pleasure to welcome you to the 7th Annual General Meeting of TF Properties Ltd and to present to you our performance for the year ended 31st December, 2019.

MICROECONOMIC PERFORMANCE AND OUTLOOK

According to the African Economic Outlook (AEO) 2019, Ghana's economy continued to expand in 2019, with real GDP growth estimated at 7.1% and 5.4% actual. High growth momentum since 2017 consistently placed Ghana among Africa's 10 fastest-growing economies. Improvements in the macroeconomic environment were accompanied by expansion in domestic demand due to increased private consumption. The industrial sector, with average annual growth exceeding 10%, was a major driver of growth in the three years to 2019. Agriculture continued to be the second fastest-growing sector in the economy, but a financial sector clean-up that started in 2017 placed a temporary drag on growth of services. In 2019, Ghana maintained its moderate fiscal and current account deficits, single-digit inflation, and a relatively stable exchange rate. The fiscal deficit improved from 3.5% of GDP in 2018 to 3.4% in 2019. However, the current account deficit rose from 3.1% of GDP to 3.5% as net flows in the income account outweighed gains in the trade account. A steady decline in non-food inflation and tight monetary policy helped keep inflation within a medium-term target of $8 \pm 2\%$. The exchange rate between the Ghana cedi and US dollar remained stable with volatility reflecting seasonal import-driven demand.

Increased public debt and shortfalls in domestic revenues posed challenges to further macroeconomic improvements. By September 2019, the debt-to-GDP ratio rose 3.2 percentage points year-on-year, mainly due to a \$3 billion Eurobond issue and to domestic borrowing, including a \$2 billion financial sector bailout. Despite the low domestic resource mobilization and high cost of financial and energy sector reforms, the government remains committed to a deficit ceiling of no more than 5% of GDP, as required by the new Fiscal Responsibility Act.

Growth prospects remain positive, with increased output and stable global prices for Ghana's main export commodities. The 10-Point Industrialization Agenda sought to expand output through coordinated public and private investment. Programs targeting higher agricultural productivity included Planting for Food and Jobs, Rearing for Food and Jobs, and Planting for Export and Rural Development.

The nascent manufacturing sector broadened the basis for growth, focusing on agriculture-led industrialization. Exports were largely unprocessed, and more than 18% of imports were food items—both opportunities for local value addition. Foreign Direct Investment (FDI) and portfolio investments provided low-cost capital for emerging value chains.

The government's new Business Regulatory Reform program is expected to improve the business environment and mobilize domestic revenue. Digital investments, especially in the financial sector, will increase efficiency. With the African Continental Free Trade Agreement,

Ghana's industry will absorb increasing raw materials from the region, scale up manufacturing, and trade in processed and light manufactured products.

Despite the Fiscal Responsibility Act, the runup to elections might put pressures on the government to overspend and under tax which could derail progress toward fiscal consolidation.

Mounting energy sector liabilities, due to excess installed capacity from take-or-pay contracts with independent power producers, and the ongoing financial sector clean-up are lifted the debt-to-GDP ratio above the current 60.6%.

Increased foreign participation in Ghana's debt exposed the country to global market swings and foreign exchange risks, with non-resident participation in domestic debt at more than one-third.

COMMERCIAL OFFICE MARKET

The occupier market in Accra is currently recovering from several years of subdued performance with rents edging back towards historic highs. New developments such as Atlantic Tower have recorded healthy occupancy rates. However generally vacancy rates remain subdued. In 2018, Grit Real Estate acquired Capital Place, 5th Avenue and Tullow Oil's headquarters office indicating renewed investor confidence in the market.

The office market in Accra has traditionally been centred around two main areas, namely the Ridge in the CBD and Airport City. The Airport City area is Accra's latest business district, but although it houses some of the most prime office buildings in Accra, it is currently plagued by traffic congestion, limited car parking zones and overcrowding challenges. Rendeavour's Appolonia City development is set to provide further competition in the traditional office areas of the city.

PERFORMANCE

Rental Income for the year under review was GHS 6,972,475; this was 6% increase over that of 2018 which stood at GHS 6,550,571. Operating cost increased by 29% from GHS 1,967,149 in 2018 to GHS 2,531,377 in 2019. Gross profit decreased by 3% in 2019 from GHS 4,583,422 to GHS 4,441,098.

Administrative expenses went down by 5% to GHS 2,742,223 in 2019 from GHS 2,871,592 in 2018. The reduction was due one-off expense recorded in the previous year.

The net result for the year 2019 was a profit of GHS 413,533 as against GHS 1,777,473 in 2018, a decrease of 77% as a result of no appreciation in the fair values of the investment properties.

The Company's indebtedness to Teachers Fund stands at GHS 28,777,131 at end of 2019 against the value of the investment in properties of GHS 206,042,974.

Shareholder fund in the properties is GHS 164,341,634

INVESTMENT PROPERTIES AND PROJECTS

The company continued to witness a downward trend in occupancy, occasioned by the exit of both GlaxoSmithKline Export Limited and Regus, one year after losing Airtel and Energy Bank. This brought the occupancy level to 30% on year end, down from 55% the prior year. To step up the process of filling the vacancies, a Leasing Officer was employed to take care of the marketing and leasing function. This has yielded some modest results even though the market abounds with a number of newly developed properties with superior offerings.

Based on the earlier decision to suspend Project Vista and concentrate on the refurbishment of GNAT Heights, the Board appointed Ramsden Africa to lead the Development Management process. The refurbishment plans are ready and steps are underway to get the approval of the Shareholders before the project commences.

The JTN Yankah Hall, continues to operate at full occupancy, and the trend is expected to continue in the medium to long term, especially with the coming out of Akuffo Addo's free SHS Graduates.

The North Ridge office property also operated at full capacity up to year end when TF Financial Services moved to the GNAT Heights. Let me add that even though the relocation was at a very low rent, it was done to prevent leakages from the TF Group (an issue the Group would have to take a second look).

IMPACT OF COVID-19 ON OPERATIONS

According to Cushman & Wakefield, the impact of COVID-19 on the economy is projected to present challenging times for the country. Ghana's GDP is expected to decline sharply to 2.6% from the projected 6.8% for the year 2020 with many job losses, reduction in disposable income and economic hardships expected. There has been an increase in the price of commodities as a result of panic buying with borders, schools and offices (except for essential services) being closed until further notice. The Government of Ghana has instituted several social and economic interventions to deal with hardships that may occur amid the pandemic and the police and military have been deployed to ensure compliance with the Government's directive to stay home.

The demand for office space is set to decline as prospective tenants are also facing the impact of COVID-19 and reviewing business strategy. Occupancy levels may remain the same in the short to medium term within the sector, however, it is too early to speculate the full impact on rents, occupancy and vacancy rates, and business models. It is clear however that serviced offices may face difficulties as many of their clients are linked to short stay expats with business needs. This notwithstanding, the new 6 feet rule required for ensuring physical distancing in offices is expected to increase density between workstations and this might translate into demand for additional space.

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. I want to thank our shareholders for their support and for appreciating our direction. I also want to thank the board of directors for their invaluable attention given to the company for all these years. To my executive management team, I say thank you for holding the fort in

these challenging times. And I want to lastly, but perhaps most importantly ... thank all employees of the company for their dedication and hard work.

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

Thank you.

DOMINIC ADU
CHAIRMAN

Independent auditor's report To the members of TF Properties Limited

We have audited the accompanying financial statements of TF Properties Limited which comprise the statement of financial position as at 31 December 2019, the statement of comprehensive income and 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 2019 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards for Small And Medium-sized Entities (IFRS for SMEs), and in the manner required by the Companies Act, 2019 (Act 992).

Basis of 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 (including International Independent Standards) (the Code) issued by the International Ethics and Standards Board for Accountants (IESBA) and we have fulfilled our other ethical responsibilities in accordance with the 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 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, 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.



Independent auditor's report – cont'd

To the members of TF Properties Limited

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 for Small and Medium-sized Entities (IFRS for SMEs) and the requirements of the Companies Act, 2019 (Act 992) 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 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.



Independent auditor's report – cont'd

To the members of TF Properties Limited

- 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 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

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 company so far as appears from our examination of those books.
 - the information and explanations given or provided to us, were in the manner required by Act 992 and give a true and fair view of the:
 - a. statement of financial position of the company at the end of the financial year, and
 - b. statement of comprehensive income and retained earnings for the financial year.



Independent auditor's report – cont'd

To the members of TF Properties Limited

3. The company's statement of financial position and statement comprehensive income and retained earnings are in agreement with the accounting records and returns.
4. We are independent of the company, pursuant to section 143 of Act 992.

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

For and on behalf of Deloitte & Touche (ICAG/F/2020/129)

Chartered Accountants

The Deloitte Place, Plot No.71

Off George Walker Bush Highway

North Dzorwulu

Accra Ghana

22nd July, 2020

TF Properties Limited

Statement of comprehensive income and retained earnings

For the year ended 31 December 2019

	Note	2019 GH¢	2018 GH¢
Revenue	4	6,972,475	6,550,571
Direct cost	5	<u>(2,531,377)</u>	<u>(1,967,149)</u>
Gross profit		4,441,098	4,583,422
Other income	6	351,513	270,416
Revaluation gain on Investment properties	11.1	-	3,546,609
General and administrative expenses	7	<u>(2,742,223)</u>	<u>(2,871,592)</u>
Profit before finance cost and tax		2,050,388	5,528,855
Finance cost	8	<u>(4,715,099)</u>	<u>(3,548,638)</u>
Profit/(Loss) before tax		(2,664,711)	1,980,217
Income tax credit/(expense)	9(a)	<u>3,078,244</u>	<u>(202,744)</u>
Profit for the year		413,533	1,777,473
Retained earnings at start of the year		109,629,427	107,851,955
Dividend paid		<u>-</u>	<u>-</u>
Retained earnings as at end of the year		<u>110,042,961</u>	<u>109,629,427</u>

The notes form an integral part of these financial statements

TF Properties Limited

Statement of financial position

As at 31 December 2019

Assets		2019	2018
Non-current assets	Note	GH¢	GH¢
Property, plant and equipment	10	361,741	354,297
Investment property	11	206,042,974	206,042,974
Capital Work in progress	13(b)	9,504,864	8,707,344
Intangible Asset	12	-	-
Investment GOG Bonds		-	988,328
Total non-current asset		<u>215,909,579</u>	<u>216,092,943</u>
Current assets			
Trade and other receivables	13	1,003,822	1,803,691
Cash and cash equivalent	14	3,186,406	3,021,452
Current tax asset	9(c)	<u>2,806,112</u>	<u>2,271,064</u>
Total current asset		<u>6,996,341</u>	<u>7,096,207</u>
Total assets		<u>222,905,920</u>	<u>223,189,151</u>
Liabilities and equity			
Equity			
Stated capital	15	54,298,673	54,298,673
Retained earnings		<u>110,042,961</u>	<u>109,629,427</u>
Total equity		<u>164,341,634</u>	<u>163,928,100</u>
Non-current liability			
Long term loan	16	28,777,131	25,004,857
Deferred tax liabilities		<u>26,407,535</u>	<u>29,485,779</u>
Total non-current liability		<u>55,184,666</u>	<u>54,490,636</u>
Current liabilities			
Trade and other payables	17	<u>3,379,620</u>	<u>4,770,414</u>
Total current liabilities		<u>3,379,620</u>	<u>4,770,414</u>
Total Liability		<u>58,564,286</u>	<u>59,261,050</u>
Total Liabilities and equity		<u>222,905,920</u>	<u>223,189,151</u>


Director

Date: 20-07-2020


Director

Date: 20-07-2020

TF Properties Limited

Statement of cash flows

For the year ended 31 December 2019

Operating activities	Note	2019 GHS	2018 GHS
Profit/(Loss) before tax		(2,664,711)	1,980,217
Adjustments for non-cash income and expenses:			
Depreciation of property, plant and equipment		97,518	139,764
Loss on disposal of assets		-	2,362
Cash flow included in investing activities:		(2,567,193)	2,122,342
Change in trade and other receivables		799,869	1,508,123
Change in trade and other payables		(1,390,794)	(350,293)
Cash flow from operating activities		(3,158,118)	3,280,172
Tax paid		(535,048)	(327,119)
Net cash from operating activities		(3,693,166)	2,953,054
Cash flows from investing activities			
Purchases of property plant and equipment		(104,962)	(66,000)
Additions to Capital work in progress		(797,520)	(825,318)
Revaluation gain on investment properties		-	(3,546,609)
(Increase)/Decrease in long term investment		988,328	(988,328)
Net cash used in investing activities		85,846	(5,426,255)
Cash flows from financing activities			
Increase/(Decrease) in borrowings		3,772,274	2,449,860
Net cash used in financing activities		3,772,274	2,449,860
Net increase/(decrease) in cash and cash equivalents		164,955	(23,341)
Cash and cash equivalents at beginning of year		3,021,452	3,044,793
Cash and cash equivalents at end of year	14	3,186,406	3,021,452

The notes form an integral part of these financial statements

TF Properties Limited

Notes to the Financial Statements

For the year ended 31 December 2019

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 ended 31 December 2019

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.

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

TF Properties Limited

Notes to the Financial Statements

For the year ended 31 December 2019

ii. Current Tax(continued)

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 ended 31 December 2019

g. Property, plant and equipment (continued)

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. 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.

TF Properties Limited

Notes to the Financial Statements

For the year ended 31 December 2019

k. Impairment of assets (continued)

(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.

l. 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.

m. 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.

n. Trade payables

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

o. 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.

p. 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.

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

Notes to the Financial Statements

For the year ended 31 December 2019

p. Provisions (continued)

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

q. 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.

r. 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.

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.

TF Properties Limited

Notes to the Financial Statements

For the year ended 31 December 2019

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

	2019 GHS	2018 GHS
Rental income	<u>6,972,475</u>	<u>6,550,571</u>

5. Direct cost

	2019 GHS	2018 GHS
Security Expense	236,924	249,730
Utilities	461,480	421,934
Repairs and Maintenance	1,046,236	630,173
Ground Rent	77,403	48,945
Horticulture	19,710	19,861
Pest control	14,498	12,469
Cleaning & Sanitation	340,055	291,015
Fuel	84,801	75,960
Property Rate	34,638	30,080
Insurance	196,512	176,697
Fire and Safety	<u>19,120</u>	<u>10,285</u>
	<u>2,531,377</u>	<u>1,967,149</u>

6. Other income

	2019 GHS	2018 GHS
Interest on Short Term Investment	97,923	132,939
Shuttle	24,750	32,328
Exchange gain	212,759	100,432
Others	16,081	7,080
Gain (Loss) on disposal of asset	<u>-</u>	<u>(2,363)</u>
	<u>351,513</u>	<u>270,416</u>

TF Properties Limited

Notes to the Financial Statements

For the year ended 31 December 2019

7. General and administrative expenses

	2019 GHS	2018 GHS
Telephone and Telex	28,406	10,997
Printing and stationery	17,324	11,752
Depreciation	97,518	139,764
Audit fees	51,000	50,000
Bank Charges	1,737	2,177
Sundry Expenses	343,313	313,037
Personnel Cost	1,665,577	1,406,273
Directors Emoluments	195,900	178,800
Other professional charges	154,440	168,263
Cable Television-DSTV	13,620	15,124
Medical Bills	85,996	67,236
Fuel & lubricants	87,392	99,928
GHOS expenses	-	408,241
	<u>2,742,223</u>	<u>2,871,592</u>

8. Finance cost

	2019 GHS	2018 GHS
Loan interest	<u>4,715,099</u>	<u>3,548,638</u>

9. Taxation

(a) Income tax expense/(credit)

	2019 GHS	2018 GHS
Current Income Tax	-	-
Deferred Tax	<u>(3,078,244)</u>	<u>202,744</u>
	<u>(3,078,244)</u>	<u>202,744</u>

Income tax is calculated at the rate of 25% (2018:25%) of the estimated assessable profit for the year.

Income tax credit for the year GHS 3,078,244 (expense of GHS 202,744 in 2018) differs from the amount that would result from applying the tax rate of 25% (both 2019 and 2018) to profit before tax because, under the tax laws of Ghana items such as depreciation of GHS97,518 that is recognised in measuring profit before tax is not tax-deductible.

TF Properties Limited

Notes to the Financial Statements

For the year ended 31 December 2019

(b) Deferred Tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 25% (2018: 25%). The movement on the deferred income tax account is as follows:

	2019	2018
	GHS	GHS
At start of year	29,485,779	29,283,035
Income tax (credit)/charge	<u>(3,078,244)</u>	<u>202,744</u>
At end of year	<u>26,407,535</u>	<u>29,485,779</u>

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

(c) Corporate tax

	At 1/1/2019 GH¢	Profit/Loss account GH¢	Paid during the year GH¢	At 12/31/2019 GH¢
2015	(420,293)	-	-	<u>(420,293)</u>
2016	(204,435)	-	(21,436)	<u>(225,871)</u>
2017	(1,405,598)	-	-	<u>(1,405,598)</u>
2018	(240,739)	-	(63,355)	<u>(304,094)</u>
2019	<u>-</u>	<u>-</u>	<u>(450,257)</u>	<u>(450,257)</u>
	<u>(2,271,064)</u>	<u>-</u>	<u>(535,048)</u>	<u>(2,806,112)</u>

Notes to the Financial Statements

For the year ended 31 December 2019

10a. Property Plant and equipment

	Office Equipment	Furniture & Fittings	Motor vehicle	Beddings	Total
	GH¢	GH¢	GH¢	GH¢	GH¢
Cost					
Balance at 1 January 2019	93,468	675,870	524,891	105,000	1,399,229
Additions	6,800	26,899	71,263	-	104,962
Disposals	-	-	-	-	-
Balance at 31 December 2019	<u>100,268</u>	<u>702,769</u>	<u>596,154</u>	<u>105,000</u>	<u>1,504,191</u>
Depreciation					
Balance at 1 January 2019	67,505	360,836	524,891	91,700	1,044,932
Charge for the year	6,043	71,998	11,877	7,600	97,518
Disposal /adjustments	-	-	-	-	-
Balance at 31 December 2019	<u>73,547</u>	<u>432,835</u>	<u>536,768</u>	<u>99,300</u>	<u>1,142,450</u>
Net Book Value as at 31 December 2019	<u>26,720</u>	<u>269,934</u>	<u>59,386</u>	<u>5,700</u>	<u>361,741</u>
Cost					
Balance at 1 January 2018	88,468	633,960	524,891	89,800	1,337,119
Additions	7,500	43,300	-	15,200	66,000
Disposals	(2,500)	(1,390)	-	-	(3,890)
Balance at 31 December 2018	<u>93,468</u>	<u>675,870</u>	<u>524,891</u>	<u>105,000</u>	<u>1,399,229</u>
Depreciation					
Balance at 1 January 2018	63,898	272,500	484,962	85,337	906,69
Charge for the year	4,545	88,927	39,929	6,362	139,764
Disposal /adjustments	(938)	(591)	-	-	(1,528)
Balance at 31 December 2018	<u>67,505</u>	<u>360,836</u>	<u>524,891</u>	<u>91,700</u>	<u>1,044,932</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>

TF Properties Limited

Notes to the Financial Statements

For the year ended 31 December 2019

11. Investment properties

Fair values	Ridge Land GH¢	Hostel - Legon GH¢	Ridge offices GH¢	Gnats Heights - Offices GH¢	Kasoa Lands GH¢	Plant & Equipment GH¢	Kumasi land GH¢	Total GH¢
Balance at 1 January 2019	21,188,419	60,484,467	12,297,914	95,480,000	5,673,600	1,472,174	9,446,400	206,042,974
Additions	-	-	-	-	-	-	-	-
Adjustment/ disposal	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Balance at 31 December 2019	21,188,419	60,484,467	12,297,914	95,480,000	5,673,600	1,472,174	9,446,400	206,042,974
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	-	-	-	-	(1,167,935)	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Balance at 31 December 2018	21,188,419	60,484,467	12,297,914	95,480,000	5,673,600	1,472,174	9,446,400	206,042,974

TF Properties Limited

Notes to the Financial Statements

For the year ended 31 December 2019

11.1. Fair value of investment properties

The fair value of the Company's investment property at 31 December 2019 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 31/12/2019
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	-	-	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	-	-	<u>1,472,174</u>	<u>1,472,174</u>
Total	<u>-</u>	<u>-</u>	<u>206,042,974</u>	<u>206,042,974</u>
	Level 1	Level 2	Level 3	Fair Value as at 31/12/2018
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	-	-	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	-	-	<u>1,472,174</u>	<u>1,472,174</u>
Total	<u>-</u>	<u>-</u>	<u>206,042,974</u>	<u>206,042,974</u>

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

TF Properties Limited

Notes to the Financial Statements

For the year ended 31 December 2019

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)		State of disrepair and unexpired useful life	Change in settlement and economic impact of land site significantly affect fair value of the properties.
Land - North Ridge Accra			
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 **GHS6,972,475** (2018: GHS 6,550,571).

Direct operating expenses arising on the investment property, all of which generated rental income in the year, amounted to **GHS2,531,377** (2018: GHS 1,967,149).

TF Properties Limited

Notes to the Financial Statements

For the year ended 31 December 2019

12. Intangible assets

Software

	2019	2018
Cost	GHS	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	-	-
Balance at 31 December	<u>20,572</u>	<u>20,572</u>
Net Book Value as at 31 December	<u>-</u>	<u>-</u>

13. Trade and other receivables

	2019	2018
	GHS	GHS
Trade receivables	2,021,158	2,953,910
Provision for bad debts	<u>(1,449,505)</u>	<u>(1,449,505)</u>
	571,653	1,504,405
Staff Loans	233,283	265,109
Other receivables	<u>198,886</u>	<u>34,177</u>
	<u>1,003,822</u>	<u>1,803,691</u>

The company made nil provision for bad debts during the period (2018: Nil) against trade receivables.

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

13 (b) Project Work in Progress - Long term

	2019	2018
	GHS	GHS
Balance at 1 January	8,707,344	7,882,026
Additions	<u>797,520</u>	<u>825,318</u>
Balance at 31 December	<u>9,504,864</u>	<u>8,707,344</u>

TF Properties Limited

Notes to the Financial Statements

For the year ended 31 December 2019

14. Cash and cash equivalent

	2019	2018
	GHS	GHS
Cash at bank	1,953,143	1,614,555
Cash in hand	3,274	12,123
Cash on Momo Collections	6,421	-
Short term investment	<u>1,223,568</u>	<u>1,394,774</u>
	3,186,406	3,021,452

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

	2019	2018
	GHS	GHS
Non - Current		
Loan from Teachers Fund	28,777,131	25,004,857
Current		
Loan from Teachers Fund	-	-
Total borrowings	<u>28,777,131</u>	<u>25,004,857</u>

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

A finance charge provision of GHS4,715,099 was made during the period against interest charged on the borrowings.

TF Properties Limited

Notes to the Financial Statements

For the year ended 31 December 2019

17. Trade and other payables

	2019	2018
	GHS	GHS
Trade payables	32,801	17,131
Other payables	262,237	202,078
Accruals	146,232	128,001
Deferred incomes	<u>2,938,350</u>	<u>4,423,205</u>
	<u>3,379,620</u>	<u>4,770,414</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:

	2019	2018
	GHS	GHS
Amount due to related parties		
Teachers Fund	<u>28,777,131</u>	<u>25,004,857</u>
Amount due from related parties		
Teachers Fund	1,567	18,511
TF Financial Services Ltd	62,920	387,852
Credit Mall Limited	-	25,204
	<u>64,487</u>	<u>431,567</u>

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

	2019	2018
	GHS	GHS
Transaction with related parties		
TF Financial Services – Office rental	95,112	369,595
Teachers Fund – Office rental	1,069,394	834,966
Teachers Fund – Interest capitalized as loan	4,715,099	3,548,638
Loan repaid to Teachers Fund	<u>(942,825)</u>	<u>(1,098,777)</u>
	<u>4,936,780</u>	<u>3,654,422</u>

TF Properties Limited

Notes to the Financial Statements

For the year ended 31 December 2019

Key management compensation

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

	2019 GHS	2018 GHS
Remuneration	<u>695,549</u>	<u>614,292</u>

Directors' remuneration

During the year, board fees paid to the Directors of the company amounted to GHS 195,500 (2018: 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 2019, 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. (2018: nil)

20. Commitments

(a) Capital commitments

There was no commitment for capital expenditure entered into but not provided for as at 31 December 2019 (2018: 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 though, the outbreak of the global pandemic Covid-19 impacted negatively on timings of our cash flows in 2020.

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 Delloite & Touche, Management & Staff present, Ladies and Gentlemen!

It is an honor to address you and to tell you about what our company has achieved in 2019. I will share with you the actions and initiatives we have embarked upon so far, and will ask you to consider the company's prospects and future plans.

Mr. Chairman, 2019 has been a year of far-reaching challenges and difficult yet necessary decisions aimed at sustaining the company. This has underscored the need to lay the foundations for a future of orderly, sustainable and profitable growth.

The already precarious situation of loss of our major tenants continued to soar higher with the exit of GlaxoSmithKline Export Limited and Regus, barely a year after we lost Airtel and Energy Bank. This coupled with oversupply of office space in the market and falling rents have been worsened by slower GDP growth rate of 5.4% in 2019, the consolidation of the five commercial banks, and the inability of several financial institutions to pay depositors funds. Despite government intervention of paying a certain percentage of depositors locked up funds, investor confidence in the industry have been duly eroded. On the otherhand, the increase enrolment in tertiary institutions in Ghana continues to have a positive outlook on providers of student hostel facilities.

The performance results as shown in the Audited Accounts and Financial Statements for 2019 is therefore a clear reflection of the above state of affairs, highlights of which are given below:

1. The Company experienced a drop in occupancy levels at the GNAT Heights with an occupancy rate of 30% on year end down from 55% in 2018.
2. We continue to maintain full occupancy status at the James Topp Nelson Yankah Hall (a 1,000 Bed Capacity Hostel at University of Ghana Campus, Legon).
3. We also operated at 100% occupancy at the North Ridge Office.
4. The new case of fraud against Teachers Fund is still pending, thus thwarting our efforts to embark on demolition of unauthorized structures on the Kasoa-Nyanyano land. We wish to emphasize that the TFPL Board took a bold decision in 2015 to pursue the encroachment case which dated as far back as 2000 by legal means. We acknowledge the fact that the wheel of justice has a long arm, albeit, we wish to assure our shareholders that we will do all in our power to demolish the unauthorized structures once the hurdles are cleared and the letter for "Police Presence" is issued.

In the midst of the above challenges and highlights, the Company set out to develop various options for the existing investments to enable us position ourselves in readiness for a market turnaround. These include:

- Plans to Refurbish GNAT Heights now while deferring project Vista till the market shows signs of turnaround. Preparatory works on the refurbishment of GNAT Heights are far advanced and we are waiting for the approval of Teachers Fund before commencement. Using a rent/return approach, the refurbishment is expected to deal with various physical and functional obsolescence in the building, and also target certain technological improvements that are attractive to prospective tenants.
- To make the facility attractive to prospective tenants, even in its current challenged condition, we continue to undertake inhouse maintenance and repairs aimed at sustaining the state of the building.
- Based on feedback from market surveys, the company set out to cut down rents with the view of staying within competition.
- This apart, the model of letting out space on floor basis has been changed to include smaller offerings to accommodate multiple tenants. This is yielding results, though at a slower pace.

The year 2020 is expected to be equally challenging for our business, especially with the outbreak of the Covid-19 Pandemic. Working from home seems to be the new normal, and it is expected that about 5% of our clients will be lost further. However, considering the fact that human nature will still beg for human interaction and the need to observe an 8-meter square rule for social distancing in offices, may be the saving grace for the office market business. TFPL will therefore offer a blended workspace environment, with some tenants working at home and others working in semi-serviced offices or traditional, reconfigured office spaces.

The company's 5year Strategic Plan from 2015 to 2019 expired and steps are underway to review the performance for the past period and draft a new 5year Plan from 2021 to 2025. looking ahead we still believe that the overall trends driving the real estate market supports future growth. TFPL will be well-positioned to contribute to the continued journey towards increased implementation of sound and sustainable business principles and practices that are of key importance in order to deliver value creation for our shareholders. Through the new strategic plan, we can expect to come forward with a financially stronger and better-balanced company, with improved governance, control and risk management, a tighter focus on priorities and strategic strengths, and closer alignment with what our shareholders and investors want.

I would like to end by giving thanks to the management team and all TFPL's professionals for the extraordinary efforts and performance they have put in day after day to transform and improve our company and make it more competitive despite the challenging times. And I should like to thank all of you for your continued confidence in us. Most importantly, I thank the Creator for the wisdom and courage to press on, hoping that there will better times ahead.

Thank you.

CHARLES GYAPONG

Proposed GNAT Heights Refurbishment in Pictures









