

**ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED
(ESCOM)
-ENERGY SECTOR SUPPORT PROJECT (ESSP)**

FINANCIAL STATEMENTS

For the year ended

30 JUNE 2018

**ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED (ESCOM)
- ENERGY SECTOR SUPPORT PROJECT (ESSP)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Contents

	Page	
1	Introduction	1
1.1	Background information	1
1.2	Project's immediate objective	1
1.3	Project components	1-2
2	The audit scope and reporting	
2.1	Introduction	3
2.2	Scope	3
2.3	Reporting	3
2.4	Distribution	3
3	Statement of directors' responsibilities	3
4	Independent auditor's report	4
5	Financial statements	5-8
5.1	Statement of income and expenditure for the year ended 30 June 2016	9
5.2	Balance of Project's funds and cash status	9
5.3	Notes to the statement of income and expenditure	10
5.3.1	Significant accounting policies	11
5.3.2	Income	11
5.3.3	Expenditure	11
5.3.4	Project unutilised funds	11
5.3.5	Opening balance	11
5.3.6	Critical accounting judgements and key sources of estimation uncertainty	12
5.3.7	Exchange rates and inflation	12
6	Report on our review of expenditure	
6.1	Scope and work performed	13
6.2	Findings	13
7	Annexures	
7.1	Fixed asset register	14
7.2	Detailed income and expenditure report	14-15
7.3	Detailed expenditure report by component	16-17
		18-19

**ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED (ESCOM)
- ENERGY SECTOR SUPPORT PROJECT (ESSP)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1. Introduction

1.1 Background information

Malawi Government entered into a contract agreement with the World Bank to finance the Energy Sector Support Project (ESSP) in Malawi. The project is implemented by the Electricity Supply Corporation of Malawi (ESCOM) in conjunction with the Ministry of Natural Resources, Energy and Environment (MoNREE). The project is financed by a credit and grant in the amounts of US\$19,300,000.00 and US\$ 65,400,000.00, respectively.

1.2 Project's immediate objective

The proposed project contributes directly to the set of objectives set out in the Malawi Country Assistance Strategy (CAS) (FY07-FY11). The CAS is a program of country assistance in support of the overall Malawi Growth and Development Strategy (MGDS), which underscores the importance of putting in place a foundation for long-term economic growth through improved infrastructure and the investment climate. It specifically proposes that the Bank continues to play a central role in infrastructure development, focusing its efforts in energy and water development.

The proposed Energy Sector Support Project encompasses:

- (i) rehabilitation, upgrading and expansion of existing electric transmission and distribution systems;
- (ii) funding of feasibility studies and preliminary design work for new hydropower plants and backbone transmission line;
- (iii) demand side management and energy efficiency measures; and
- (iv) Technical assistance and capacity building for ESCOM and MoNREE.

The project is directly associated with the CAS outcome of putting in place a foundation for long-term economic growth through improved infrastructure and the investment climate by helping to close the supply-demand gap and improve the electricity distribution and transmission sector.

The project aims at increasing the reliability and quality of electricity supply in the major load centres in Malawi.

1.3 Project components

Component 1: Electricity Network Strengthening and Expansion (estimated at US\$56.2 million, including contingencies)

This component includes the rehabilitation, upgrade and expansion of priority parts of the existing distribution and transmission system, including extension of the network in selected peri-urban areas and reinforcement of the Low Voltage (LV) reticulation. The component is divided into three sub-components:

- Component 1a: Distribution & Transmission Upgrading and Expansion (estimated at US\$41.9 million, including contingencies);
- Component 1b: Low Voltage Reticulation Reinforcement and Technical Implementation Support (estimated at US\$10.5 million, including contingencies); and
- Component 1c: Design, Procurement & Supervision (estimated at US\$3.8 million, including contingencies).

**ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED (ESCOM)
- ENERGY SECTOR SUPPORT PROJECT (ESSP)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1. Introduction *(Continued)*

1.3 Project components *(Continued)*

Component 2: Generation and Transmission Feasibility and Design Studies (estimated at US\$15.2 million, including contingencies)

This component includes financing for feasibility studies needed for eventual development of an additional 200–380 Megawatts (MW) of new hydropower generation capacity in Malawi. The feasibility studies will include technical, engineering design & economic assessments and Environmental Social Impact Assessments (ESIAs) (at either preliminary or full level, depending on the site), and development of the necessary environmental and social mitigation/management plans (again at either preliminary or full level, depending on the site).

Component 3: Demand Side Management and Energy Efficiency Measures (estimated at US\$6.8 million, including contingencies)

Given the severe capacity constraints in Malawi's power system, and evidenced by the extensive and year-round load-shedding program, it was proposed to finance several demand-side management (DSM) and energy efficiency activities, focusing on reducing the coincident peak load and therefore reducing load-shedding. Some of those activities will also contribute to achieve energy savings. These interventions will provide, at relatively low cost, critical "quick wins" in Malawi's efforts to close the demand-supply gap, pending the installation of new generation capacity in the medium term. They will also help Malawi manage its system more reliably and at a lower cost.

Component 4: Capacity Building & Technical Assistance (estimated at US\$3.5 million, including contingencies)

This component will provide institutional strengthening and technical assistance to both MoNREE and ESCOM to support their efforts to further develop Malawi's energy sector. Activities will include:

- Component 4.A Support to ESCOM (estimated at US\$0.6 million, including contingencies); and
- Component 4.B Support to MoNREE (estimated at US\$2.9 million, including contingencies).

**ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED (ESCOM)
- ENERGY SECTOR SUPPORT PROJECT (ESSP)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

2 The audit scope and reporting

2.1 Introduction

We were engaged to perform the audit of the Electricity Supply Corporation of Malawi Limited (ESCOM) - Energy Sector Support Project (ESSP) for the year ended 30 June 2018 in accordance with the engagement letter dated 22 August 2018 signed between the Electricity Supply Corporation of Malawi Limited (ESCOM) - Energy Sector Support Project (ESSP) and Deloitte.

The audit was undertaken to address the following specific objectives:

- To perform an audit in accordance with International Standards on Auditing in order to provide an opinion on the true and fair view of the project's financial statements for the year ended 30 June 2018;
- To confirm that the project is in compliance with relevant Project documents and applicable regulations;
- To report on significant control weaknesses and make recommendations to address these weaknesses as appropriate;
- To ascertain that the reported surplus/(loss) is represented with corresponding assets; and
- To determine whether the project's income was used to further the project's objective.

The project's financial statements and the responsibility for establishing an effective system of internal control are the responsibility of project management.

2.2 Scope

We conducted our audit in accordance with International Standards on Auditing.

2.3 Reporting

We have presented our report as follows:

- Audit of the project's statement of income and expenditure (Section 5); and
- Review of the project's expenditure (Section 6).

2.4 Distribution

This report may only be used by Management of ESCOM-Energy Sector Support Project (ESSP) for the intended purposes based on the specified procedures.

**ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED (ESCOM)
- ENERGY SECTOR SUPPORT PROJECT (ESSP)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

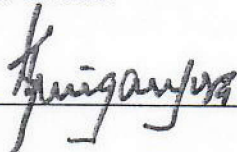
3 Statement of Directors' responsibilities

The directors are responsible for preparing the financial statements that reflect a true and fair view of the project's financial statements in accordance with the Cash Basis of Accounting Method of the International Public Sector Accounting Standards. Directors are also responsible for the maintenance of adequate accounting records and internal controls, the selection and application of suitable accounting policies, and safeguarding the assets of the project.

The directors accept responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the requirements of the project.

The directors further accept responsibility for the maintenance of the accounting records, which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

CHAIRMAN



DIRECTOR OF FINANCE



Date: 4 February, 2019

**Independent auditor's report
To the Stakeholders of Electricity Supply Corporation of Malawi Limited (ESCOM) - Energy
Sector Support Project (ESSP)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Electricity Supply Corporation of Malawi (ESCOM)-Energy Sector Support Project (ESSP) (the Project) as set out on pages 9 to 19, which comprise the statement of income and expenditure for the year ended 30 June 2018, balance of project funds and cash status, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Electricity Supply Corporation of Malawi (ESCOM)-Energy Sector Support Project (ESSP) as at 30 June 2018, and its financial performance and cash status for the year then ended in accordance with the Cash Basis of Accounting Method of the International Public Sector Accounting Standards and in the manner required by the World Bank.

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 Project in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in Malawi. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 5.3.7 of the financial statements. The Project is no longer a going concern because it wound up on 15 October 2018. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

**ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED (ESCOM)
 - ENERGY SECTOR SUPPORT PROJECT (ESSP)
 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2018**

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in the audit
<p>Basis of accounting</p> <p>As disclosed on 5.3.1 (b), the financial statements are prepared using the Cash Basis of Accounting Method of the International Public Sector Accounting (IPSAS).</p> <p>We considered the basis of accounting as a key audit matter due to the mix up of accounting bases that was noted in the prior years. In prior years we noted erroneous application of the Accrual Accounting Basis on some transactions of the Project instead of Cash Accounting basis as per IPSAS.</p>	<p>We checked and ensured that the financial statements are prepared using the Cash Basis of Accounting Method of the IPSAS and not accruals basis.</p> <p>For selected expenditures, we checked if they were recognised when disbursement of cash had occurred. We further checked if income was recognised on receipt of cash.</p> <p>We assessed the accounting basis that was applied and the result of our assessment were satisfactory.</p>

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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.

**ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED (ESCOM)
- ENERGY SECTOR SUPPORT PROJECT (ESSP)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

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 the Cash Basis of Accounting Method of the International Public Sector Accounting Standards and the requirements of the World Bank 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 Project'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 the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- 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 Project's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project'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 Project to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

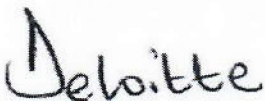
**ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED (ESCOM)
- ENERGY SECTOR SUPPORT PROJECT (ESSP)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Responsibilities of the directors for the Financial Statements (Continued)

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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



Deloitte
Chartered Accountants
Madalo Mwenelupembe
Partner

4 February 2019.

**ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED (ESCOM)
- ENERGY SECTOR SUPPORT PROJECT (ESSP)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

5	Financial statements				
	5.1 Statement of income and expenditure for the year ended 30 June 2018	<u>2018</u>	<u>2018</u>	<u>2017</u>	<u>2017</u>
		MK	USD	MK	USD
	RECEIPTS				
	Opening balance	2 991 344 851.07	4 167 488.68	3 210 085 442.59	4 554 884.46
	Replenishments during the year	17 707 254 057.97	24 683 929.87	8 879 059 047.87	12 380 911.91
	Interest received	4 837 782.41	6 740.95	10 207 783.65	14 272.63
	Exchange difference	<u>440 223 177.41</u>	<u>-</u>	<u>204 671 646.95</u>	<u>-</u>
	Total financing	<u>21 143 659 868.86</u>	<u>28 858 159.50</u>	<u>12 304 023 921.06</u>	<u>16 950 069.00</u>
	PROJECT EXPENDITURES:BY COMPONENT EXPENDITURE				
	COMPONENT 1	(17 936 531 559.88)	(24 438 521.10)	(8 077 817 221.72)	(11 093 749.13)
	COMPONENT 2	(692 381 046.33)	(943 362.69)	-	-
	COMPONENT 3	(56 875 906.62)	(77 492.89)	(921 140 599.08)	(1 256 094.02)
	COMPONENT 4	<u>(1 386 093 609.17)</u>	<u>(1 904 988.99)</u>	<u>(313 721 249.19)</u>	<u>(432 737.17)</u>
	Total project expenditures	<u>(20 071 882 122.00)</u>	<u>(27 364 365.67)</u>	<u>(9 312 679 069.99)</u>	<u>(12 782 580.32)</u>
	Balance carried forward	<u>1 071 777 746.86</u>	<u>1 493 793.83</u>	<u>2 991 344 851.07</u>	<u>4 167 488.68</u>
	CASH				
	ESSP Standard Bank of Malawi	1 020 267 065.56	1 422 253.31	2 961 595 392.69	4 128 466.94
	ESSP FDH Bank Limited	<u>51 510 681.30</u>	<u>71 540.52</u>	<u>29 749 458.38</u>	<u>39 021.74</u>
	Total	<u>1 071 777 746.86</u>	<u>1 493 793.83</u>	<u>2 991 344 851.07</u>	<u>4 167 488.68</u>

ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED (ESCOM)
- ENERGY SECTOR SUPPORT PROJECT (ESSP)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

5. Financial statements (Continued)

5.2 Balance of project's funds and cash status

	2018		2017	
	<u>MK</u>	<u>USD</u>	<u>MK</u>	<u>USD</u>
1. Opening balance	2 991 344 851.07	4 167 488.68	3 210 085 442.59	4 554 884.46
2. Add: Total income during the reporting period	17 707 254 057.97	24 683 929.87	8 879 059 047.87	12 380 911.91
3. Less: Total expenditure during the reporting period	(20 071 882 122.00)	(27 364 365.67)	(9 312 679 069.99)	(12 782 580.32)
4. Add: Interest received	4 837 782.41	6 740.95	10 207 783.65	14 272.63
5. Add: Exchange rate gain	440 223 177.41	-	204 671 646.95	-
Excess of income over Expenditure	<u>1 071 777 746.86</u>	<u>1 493 793.83</u>	<u>2 991 344 851.07</u>	<u>4 167 488.68</u>

**ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED (ESCOM)
- ENERGY SECTOR SUPPORT PROJECT (ESSP)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

5. Financial statements (Continued)

5.3 Notes to the statement of income and expenditure

5.3.1 Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are as follows:

(a) Accounting convention

The financial statements have been prepared under the historical cost convention. The historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies are set out below in the following paragraphs.

(b) Basis of accounting

The statement of income and expenditure has been prepared on the Cash Basis of Accounting Method of the International Public Sector Accounting Standards whereby income is recognised on receipt of cash or cash equivalents and the expenditures recognised on the disbursement of cash or cash equivalents.

(c) Revenue recognition

Grant income is recognised on a cash receipt basis.

(d) Foreign currency transactions

Transactions in other currencies are translated into Malawi Kwacha at the rate ruling on the date of transaction.

(e) Reporting currency

The financial statements are presented in Malawi Kwacha and United States Dollar.

(f) Property, plant and equipment

Plant, vehicle and equipment are recorded as an expense at the time of acquisition, because of the short-term nature of the project. A comprehensive fixed assets register is maintained for all items of plant and equipment held by the project.

5.3.2 Income

Income represents funds received from World Bank and interest from the bank.

5.3.3 Expenditure

The reported expenditure includes all payments made by the project.

5.3.4 Project unutilised funds

Total income for the project (unutilised funds brought forward plus funding received during the year and any other income) is reduced by total expenditure incurred by the project to arrive at unutilised funds carried forward to the following year.

**ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED (ESCOM)
- ENERGY SECTOR SUPPORT PROJECT (ESSP)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

5. Financial statements (Continued)

5.3.5 Opening balance

The opening balance is made up of cash balances from both Standard Bank US Dollar designated account and FDH Bank Malawi Kwacha Account.

5.3.6 Critical accounting judgements and key sources of estimation uncertainty

No critical judgements were made by the management during the current year that would have a material impact on the financial statements and no estimates were made as there is no uncertainty concerning the future at the reporting date that may have a significant risk of causing any material adjustment to the carrying amounts of assets within the next financial year.

5.3.7 Going Concern

In accordance with the project financing agreements with the World Bank, the ESSP was supposed to have wound up on July 31, 2018. However, owing to some remaining works, an extension was granted for the project to wind up on 15 October, 2018. All outstanding works have since been completed and all assets that were acquired and developed under the project have been transferred to ESCOM.

5.3.8 Exchange rates and inflation

	<u>2018</u> K	<u>2017</u> K
Kwacha/US Dollar	733.95	733.95
Inflation rate (%)	8.6%	10.2 %

As at 16 October 2018 the above rates had moved as follows:

Kwacha/US Dollar	735.5
Inflation rate (%) (August 2018)	9.3%

No adjustments arising from the movement of the exchange and inflation rates after the year-end have been made in the financial statements.

**ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED (ESCOM)
- ENERGY SECTOR SUPPORT PROJECT (ESSP)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

6 Report on our review of expenditure

6.1 Scope and work performed

We performed the following procedures on a sample basis: -

- We checked that the opening and closing foreign accounts relating to the project were translated at the rate ruling on the opening and closing dates respectively;
- We verified that expenditures made out of the projects accounts were stated at the rate ruling on the transaction date;
- We reviewed a sample of project purchases and checked that a no objection approval was obtained from the World Bank;
- We checked that the project's financial reports were prepared in an accurate, reliable and timely manner;
- We checked that the projects staff received training and have experience in World Bank funded projects;
- We reviewed the statement of income and expenditure and ensured it was in compliance with the World Bank acceptable reporting requirements;
- We reviewed designated accounts and bank accounts showing deposits and replenishments received and payments duly supported by withdraw application's, interest earned on the accounts and the balance at end of reporting period;
- We checked that procurement reports provided information on the procurement of goods, works and consultant and on compliance with the agreed procurement methods;
- We checked that the project accounts were prepared on cash basis;
- We verified if the reconciliations of bank and other control accounts were periodically prepared in accordance with project appraisal document;
- We verified if the fixed assets schedule was properly maintained and if it reconciled with the general ledger and also that the assets were safely guarded;
- We verified if the account balances in the trial balance are reconciled to the underlying ledgers;
- We reviewed the management accounts to ensure that they reconcile to the trial balance; and
- We reviewed reports of the internal audit department of ESCOM for any issues raised relating to the project.

6.2 Findings

Exceptions noted have been reported in the management letter which has been issued separately.

ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED (ESCOM)
- ENERGY SECTOR SUPPORT PROJECT (ESSP)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

7 Annexure

7.1 Fixed asset register

2018

Asset	Supplier	Unit price K	Qty	Total cost K
Laptops	MBH Power	1 238 907.60	3	3 716 722.80
Mobile Phones	Appollo	73 395.00	5	366 975.00
Mobile Phones	Appollo	73 395.00	4	293 580.00
Furniture	Block Buster	197 900	3	593 700.00
Training Room Tables	Hisco Ltd	170 000.00	10	1 700 000.00
Rick Stackers Chairs	Hisco Ltd	60 000.00	15	900 000.00
Desk (6 Drawers)	Hisco Ltd	185 000.00	1	185 000.00
High Back Swivel Chairs	Hisco Ltd	300 000.00	2	600 000.00
Chest Freezer	Game Stores	916 100.00	1	916 100.00
Gas & Electric Freezer	Game Stores	580 400.00	1	580 400.00
Defy Cooker	Game Stores	369 900.00	2	739 800.00
Dell Inspiron Laptops	Xerographics	882 992.00	8	7 063 936.00
Desk Top Computers	Globe Internet	520 000.00	5	2 600 000.00
Toyota Hilux BU 8835	EMCO	31 574 529.00	1	31 574 529.00
Toyota Hilux BU 9905	EMCO	38 718 000.00	1	38 718 000.00
Toyota Hilux BU 9906	EMCO	38 718 000.00	1	38 718 000.00
Land	Ministry of Lands	44 072 350.25	1	44 072 350.25
Office Equipment	Various			13 626 628.00
Toyota Coaster BU 6384	Toyota	50 200 250.25	1	50 200 250.25
Toyota Hino BU 5148	Toyota	79 844 533.70	1	79 844 533.70
Toyota Hilux BU 2088	MBH Power	24 003 711.71	1	24 003 711.71
Toyota Hilux BU 2095	MBH Power	24 003 711.71	1	24 003 711.71
Toyota Hilux BU 2093	MBH Power	24 003 711.71	1	24 003 711.71
IVECO Truck BU 5055	Rousant	142 451 036.20	1	142 451 036.20
IVECO Truck BU 5054	Rousant	72 947 146.25	1	72 947 146.25
IVECO Truck BU 5053	Rousant	142 451 036.20	1	142 451 036.20
IVECO Truck BU 5052	Rousant	72 947 146.25	1	72 947 146.25
IVECO Truck BU 5051	Rousant	72 947 146.25	1	72 947 146.25
IVECO Truck BU 5049	Rousant	142 451 036.20	1	142 451 036.20
Ford Ranger BU 4105	Sieyan	17 132 902.29	1	17 132 902.29
Ford Ranger BU 4106	Sieyan	17 132 902.29	1	17 132 902.29
Ford Ranger BU 4107	Sieyan	17 132 902.29	1	17 132 902.29
	Total			<u>1 086 614 894.35</u>

**ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED (ESCOM)
- ENERGY SECTOR SUPPORT PROJECT (ESSP)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

7 Annexure (Continued)

7.1 Fixed asset register (Continued)

2017

Asset	Supplier	Unit price K	Qty	Total cost K
Land	Ministry of Lands	44 072 350.25	1	44 072 350.25
Office Equipment	Various			13 626 628.00
Toyota Coaster BU 6384	Toyota	50 200 250.25	1	50 200 250.25
Toyota Hino BU 5148	Toyota	79 844 533.70	1	79 844 533.70
Toyota Hilux BU 2088	MBH Power	24 003 711.71	1	24 003 711.71
Toyota Hilux BU 2095	MBH Power	24 003 711.71	1	24 003 711.71
Toyota Hilux BU 2093	MBH Power	24 003 711.71	1	24 003 711.71
IVECO Truck BU 5055	Rousant	142 451 036.20	1	142 451 036.20
IVECO Truck BU 5054	Rousant	72 947 146.25	1	72 947 146.25
IVECO Truck BU 5053	Rousant	142 451 036.20	1	142 451 036.20
IVECO Truck BU 5052	Rousant	72 947 146.25	1	72 947 146.25
IVECO Truck BU 5051	Rousant	72 947 146.25	1	72 947 146.25
IVECO Truck BU 5049	Rousant	142 451 036.20	1	142 451 036.20
Ford Ranger BU 4105	Sieyan	17 132 902.29	1	17 132 902.29
Ford Ranger BU 4106	Sieyan	17 132 902.29	1	17 132 902.29
Ford Ranger BU 4107	Sieyan	17 132 902.29	1	17 132 902.29
	Total			<u>957 348 151.55</u>

**ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED (ESCOM)
- ENERGY SECTOR SUPPORT PROJECT (ESSP)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

7 Annexure (Continued)

7.2 Detailed income and expenditure report

Reporting period: 1 July 2017 to 30 June 2018

	USD	MK
INCOME		
Opening balance	4 167 488.68	2 991 344 851.07
World Bank Funds received during the year	24 683 929.87	17 707 254 057.97
Exchange gain	-	440 223 177.41
Interest received	<u>6 740.95</u>	<u>4 837 782.41</u>
Total income	<u>28 858 159.50</u>	<u>21 143 659 868.86</u>
EXPENDITURE		
Consultancy	1 680 935.87	1 233 722 881.79
Travel and Subsistence allowance	437 699.31	316 141 852.88
Line Materials	4 049 571.46	2 972 171 708.38
Tax paid	125 933.19	90 778 912.79
Consumables and Sundries	147 126.97	106 601 049.59
Spare Parts	-	-
Clearing goods charges	42 379.07	31 104 118.43
Motor vehicles	129 661.68	95 165 190.04
Furniture	9 076.38	6 568 000.00
Building Materials	7 991.97	5 727 094.18
Computers	24 032.72	17 517 813.37
Compensation	10 307.48	7 442 000.00
Communication and Insurance	10 616.28	7 791 818.17
Purchase of software	77 247.31	56 695 663.17
Training	1 263 680.36	924 940 800.08
Bank charges	14 059.89	10 309 365.59
Audit fee	32 679.63	23 627 131.71
Wages and Salaries	43 418.22	31 261 115.40
Land Acquisition	351.05	251 000.00
Substations	<u>19 257 596.83</u>	<u>14 134 064 606.43</u>
Total expenditure	<u>27 364 365.67</u>	<u>20 071 882 122.00</u>
Surplus income over expenditure	<u>1 493 793.83</u>	<u>1 071 777 746.86</u>

**ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED (ESCOM)
- ENERGY SECTOR SUPPORT PROJECT (ESSP)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

7 **Annexure (Continued)**

7.2 **Detailed income and expenditure report**

Reporting period: 1 July 2016 to 30 June 2017

	USD	MK
INCOME		
Opening balance	4 554 884.46	3 210 085 442.59
World Bank Funds received during the year	12 380 911.91	8 879 059 047.87
Exchange gain	-	204 671 646.95
Interest received	<u>14 272.63</u>	<u>10 207 783.65</u>
Total income	<u>16 950,069.00</u>	<u>12 304 023 921.06</u>
EXPENDITURE		
Consultancy	1 474 769.75	1 078 724 887.00
Travel and Subsistence allowance	52 522.32	36 443 195.94
Line Materials	3 943 239.87	2 846 943 613.81
Tax paid	78 681.26	57 212 186.03
Consumables and Sundries	20 615.13	15 039 343.49
Spare Parts	128 913.89	94 380 380.39
Clearing goods charges	16 165.23	11 791 177.65
Motor vehicles	1 143 949.61	835 107 303.30
Purchase of software	1 255 758.01	920 894 595.23
Training	135 438.54	98 519 918.15
Bank charges	5 049.75	3 688 164.91
Audit fee	29 106.19	21 562 823.69
Substations	<u>4 498 370.77</u>	<u>3 292 371 480.40</u>
Total expenditure	<u>12 782 580.32</u>	<u>9 312 679 069.99</u>
 Surplus income over expenditure	 <u>4 167 488.68</u>	 <u>2 991 344 851.07</u>

**ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED (ESCOM)
- ENERGY SECTOR SUPPORT PROJECT (ESSP)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

7 Annexure (Continued)

7.3 Detailed Expenditure Report by Component

Reporting period: 1 July 2017 to 30 June 2018

	Component 1		Component 2		Component 3		Component 4		Total	
	USD	MK	USD	MK	USD	MK	USD	MK	USD	MK
Consultancy	531 734.45	390 266 499.58	943 000.17	692 114 974.77	-	-	206 201.25	151 341 407.44	1 680 935.87	1 233 722 881.79
Travel and subsistence	-	-	-	-	-	-	437 699.31	316 141 852.88	437 699.31	316 141 852.88
Line materials	4 042 633.45	2 967 090 820.63	-	-	-	-	6 938.01	5 080 887.75	4 049 571.46	2 972 171 708.38
Building materials	-	-	-	-	-	-	7 991.97	5 727 094.18	7 991.97	5 727 094.18
Tax paid	-	-	-	-	-	-	125 933.19	90 778 912.79	125 933.19	90 778 912.79
Communication & insurance	10 616.28	7 791 818.71	-	-	-	-	-	-	10 616.28	7 791 818.17
Consumables & sundries	61 795.68	45 354 939.34	-	-	-	-	85 331.29	61 246 110.25	147 126.97	106 601 049.59
Clearing charges	-	-	-	-	-	-	42 379.07	31 104 118.43	42 379.07	31 104 118.43
Motor vehicles	129 661.68	95 165 190.04	-	-	-	-	-	-	129 661.68	95 165 190.04
Purchase of Software	-	-	-	-	77 247.31	56 695 663.17	-	-	77 247.31	56 695 663.17
Compensation	-	-	-	-	-	-	10 307.48	7 442 000.00	10 307.48	7 442 000.00
Training	373 241.81	273 940 826.45	-	-	-	-	890 438.55	650 999 973.63	1 263 680.36	924 940 800.08
Wages and salaries	-	-	-	-	-	-	43 418.22	31 261 115.40	43 418.22	31 261 115.40
Land & acquisitions	-	-	-	-	-	-	351.05	251 000.00	351.05	251 000.00
Audit fees	-	-	-	-	-	-	32 679.63	23 627 131.71	32 679.63	23 627 131.71
Bank charges	11 274.40	8 274 845.88	362.52	266 071.56	245.58	180 243.45	2 177.39	1 588 204.70	14 059.89	10 309 365.59
Computers	24 032.72	17 517 813.37	-	-	-	-	-	-	24 032.72	17 517 813.37
Furniture	-	-	-	-	-	-	9 076.38	6 568 000.00	9 076.38	6 568 000.00
Substations	19 253 530.63	14 131 128 805.88	-	-	-	-	4 066.20	2 935 800.01	19 257 596.83	14 134 064 606.43
Total	24 438 521.10	17 936 531 559.88	943 362.69	692 381 046.33	77 492.89	56 875 906.62	1 904 988.99	1 386 093 609.17	27 364 365.67	20 071 882 122.00

**ELECTRICITY SUPPLY CORPORATION OF MALAWI LIMITED (ESCOM)
- ENERGY SECTOR SUPPORT PROJECT (ESSP)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

7 Annexure (Continued)

7.3 Detailed Expenditure Report by Component

Reporting period: 1 July 2016 to 30 June 2017

	Component 1		Component 2		Component 3		Component 4		Total	
	USD	MK	USD	MK	USD	MK	USD	MK	USD	MK
Consultancy	1 474 769.75	1 078 724 887.00	-	-	-	-	-	-	1 474 769.75	1 078 724 887.00
Travel and Subsistence	-	-	-	-	-	-	52 522.32	36 443 195.94	52 522.32	36 443 195.94
Line Materials	3 833 538.81	2 766 905 397.05	-	-	-	-	109 701.06	80 038 216.76	3 943 239.87	2 846 943 613.81
Tax Paid	-	-	-	-	-	-	78 681.26	57 212 186.03	78 681.26	57 212 186.03
Consumables and Sundries	-	-	-	-	-	-	20 615.13	15 039 343.49	20 615.13	15 039 343.49
Spare Parts	128 913.89	94 380 380.39	-	-	-	-	-	-	128 913.89	94 380 380.39
Clearing Charges	-	-	-	-	-	-	16 165.23	11 791 177.65	16 165.23	11 791 177.65
Motor vehicles	1 143 949.61	835 107 303.30	-	-	-	-	-	-	1 143 949.61	835 107 303.30
Purchase of Software	-	-	-	-	-	-	-	-	-	-
Training	11 345.27	8 231 587.57	-	-	-	-	-	-	1 255 758.01	920 894 595.23
Audit fee	-	-	-	-	-	-	-	-	124 093.27	90 288 330.58
Bank Charges	2 861.03	2 096 186.01	-	-	-	-	-	-	29 106.19	21 562 823.69
Substations	4 498 370.77	3 292 371 480.40	-	-	-	-	336.01	246 003.85	1 852.71	1 345 975.05
Total	11 093 749.13	8 077 817 221.72	-	-	1 256 094.02	921 140 599.08	432 737.17	3 13 721 249.19	12 782 580.32	9 312 679 069.99