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ELECTRICITY COMPANY OF GHANA LIMITED



FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017

CFY Partners
134 Robinson Crescent, Swanlake Rd
PMB 2
North Kaneshie, Accra

ELECTRICITY COMPANY OF GHANA LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017

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ELECTRICITY COMPANY OF GHANA LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2017

CORPORATE INFORMATION

		Appointed On	Mandate expired on
Directors: Mr. Keli Gadzekpo	Chairman	15/08/2017	
Daasebre Kwebu Ewusi VII	- Chairman(Ag)		1/7/2017
Ing.Samuel Boakye-Appiah (Managing Director) (Ag)	- Member	15/08/2017	
Mr. Robert Dwamena (Managing Director)	- Member		1/7/2017
Ing. (Mrs) Carlien Dorcas Bou-Chedid	- Member	15/08/2017	
Mr. John Kojo Arkoful	- Member	15/08/2017	
Mr. Odeneho Kwaku Appiah	- Member	15/08/2017	
Alhaji Amadu Kaleem	- Member	15/08/2017	
Hon. Matthew Nyindam	- Member	15/08/2017	
Mad. Maataa Opare	- Member	15/08/2017	
Mr. Samuel M Codjoe	- Member		1/7/2017
Dr Kwasi A Apea-Kubi	- Member		1/7/2017
Hon John Jinapor	- Member		1/7/2017
Dr Alfred Ofori Ahenkorah	- Member		1/7/2017
Mr. Clement Abavana	- Member		1/7/2017
Ms Eunice Comnashar	- Member		1/7/2017
Dr. Deborah Brigitte Cubagee	- Member		1/7/2017

Secretary: Mr Lawrence Osei Kuffour

Postal Address: Electro-Volta House
P O Box GP 521
Accra

Auditor: CFY Partners
134 Robinson Crescent, Swanlake Rd
PMB 2, North Kaneshie

Bankers: Ghana Commercial Bank Limited
Local: Merchant Bank (Ghana) Limited
Ecobank Ghana Limited
Societe Generale Ghana

Foreign: Ghana International Bank Plc London

ELECTRICITY COMPANY OF GHANA LIMITED

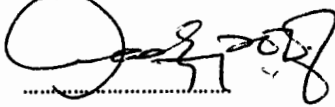
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017

REPORT OF THE DIRECTORS

The directors have the pleasure in presenting the financial statements of the company for the year ended 31st December 2017 and report as follows:

- (a) **Ownership**
The company is wholly owned by the Government of Ghana.
- (b) **Nature of Business**
The company is authorised to carry on the following business:
- i. To purchase, take-over or otherwise acquire the undertaking and business previously carried on by the Electricity Corporation of Ghana, as well as its goodwill, assets, properties, rights, debts, liabilities and obligations.
 - ii. To transmit, supply and distribute electricity.
 - iii. To purchase electricity in bulk from the Volta River Authority or any other supplier for distribution.
 - iv. To construct, reconstruct, install, assemble, repair, maintain, operate or remove sub-transmission lines, distribution lines, transformer stations, electrical appliances, fittings and installations.
 - v. To carry out any other activities incidental or conducive to the attainment of the objects specified in items (i) to (iv) above.
 - vi. On the 5th of August 2014, Ghana Government signed Compact II with the US Government for a grant of USD 498.2 million. Power Distribution Services, Gh Ltd a special purpose vehicle company, made up of 51% Ghanaian ownership consortium and 49% Meralco was formed to take over the operations and management of ECG from 1st February 2019 for a period of twenty years. The agreements were signed on 3rd July, 2018 at the Jubilee House.
- (c) **Results of operations and dividend**
The operations for the year resulted in a net loss of GHS642.12 million before tax. The directors do not propose the payment of any dividend for the year.
- (d) **Names of directors**
Names of directors who have held office during the year are as listed on page 1.
- (e) **Auditor**
In accordance with Section 134 (5) of the Companies Act 1963 (Act 179) CFY Partners shall continue in office as auditor of the company.

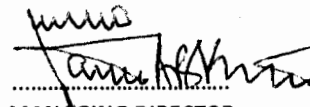
BY ORDER OF THE BOARD



CHAIRPERSON

Name: **UELI GADZEKPO**

Date: **30/01/19**



MANAGING DIRECTOR

Name: **Samuel Brakye-Appiah**

Date: **30/01/19**

ELECTRICITY COMPANY OF GHANA LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors is responsible for preparing the financial statements for each financial year which give a true and fair view of the financial position of the company at the end of the financial year and of the comprehensive income of the company for that period. In preparing those financial statements the Board of Directors is required to:

- (a) Select suitable accounting policies and apply them consistently;
- (b) Make judgements and estimates that are reasonable and prudent;
- (c) Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board of Directors is responsible for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with International Financial Reporting Standards. 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

The above statement should be read in conjunction with the statement of the auditor's responsibility set out on page 4 which is made with a view to distinguishing for members the respective responsibilities of the directors and the auditor in relation to the financial statements.

Going Concern

The company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. However, management is aware of the company's liquidity challenges and will therefore depend on the continuous support it receives from its shareholders. Therefore the financial statement continues to be prepared on the going concern basis.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ELECTRICITY COMPANY OF GHANA LIMITED**

Opinion

We have audited the financial statements of Electricity Company of Ghana Limited, which comprise the statement of financial position as at December 31, 2017, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Electricity Company of Ghana Limited as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in a manner required by the Companies Act, 1963 (Act 179).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted by the Institute of Chartered Accountants Ghana (ICAG) and we have fulfilled our other 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

Without modifying our opinion, we draw attention to note 36 of the financial statements, which indicate that the company's non derivative financial liabilities (note 36b) exceeded its financial assets (note 36a) by GH¢ 2,591,231,000. These events or conditions indicates that an uncertainty exist and the company will be dependent on the continued support it receives from its shareholders.

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.

Recognition of revenue (Postpaid and Prepaid) GHC 5,827,041,000	Our audit work included the following:
Judgement is involved in the valuation of revenue which relates to estimated energy usage between customers' most recent meter reading and the period end.	We developed an expectation of total revenue with regards to tariff pricing information and external settlements data for energy volumes and compared with the actual total revenue recognised, including the year end accrual

<p>The estimate is based on the volume of electricity expected to have been used, based on previous usage.</p>	<p>We performed testing of the controls over pricing calculations, billing from the Customer Management System (CMS), interfaces with the general ledger.</p>
<p>Revenue is calculated based on these estimated volumes multiplied by the tariff price set by the Public Utility Regulation Commission (PURC).</p>	<p>We compared the prior periods' estimates with actual volumes billed from the CMS in order to assess the accuracy of estimation and reviewed the validity of the current year assumption.</p>
<p>Payment received from customers in advance of service to be provided are recorded as deposit from customers.</p>	<p>We compared the volume data with the external settlements systems.</p>
<p>The level of estimation will be lower for customers subject to more frequent meter readings and invoicing customers (industrial, commercial and household customers)</p>	<p>We reviewed the company's assumptions relating to volume and price used in determining the level of estimated revenue, as follows:</p> <ul style="list-style-type: none"> i. <i>Underlying assumption on volume</i> Compared the estimated volume determined by the company with benchmarks that the company has developed based on historical experience which we performed analysis, then sought and assessed explanations for variances from expected benchmarks. ii. <i>Underlying assumptions on price</i> We reviewed the assumptions of price per unit by comparing the price applied with current estimated billing internal trends and data. Assessed the overall consistency period on period of the assumptions and of the inputs to the calculation of estimated value of revenue
	<p>We developed an expectation with regards to prepayments made by customers and prepaid meter recorded usage amount and balance outstanding recorded as deposit from customers.</p>
	<p>We reviewed and analysed the prepaid non purchase rerun report</p>
	<p>We conducted an IT audit on the prepayment system</p>

Trade receivable GHC 3,983,281,000	Our audit work included the following:
<p>The trade receivables are reported in a summarized accounts receivable aging report.</p> <p>The business carries significant exposure over the recoverability of customer receivables. An allowance for doubtful debt is provided based on an estimate of future cash flows. In arriving at this estimate, the current aging profile of debt, historical collections experience and an assessment of current economic conditions are considered.</p>	We agreed the opening balances of the total customers balances to the signed financial statements for the year ended 31 December 2016.
	We analysed and reviewed the total customers balances for the year ended 31 December 2017
	We agreed the Customer Management System (CMS) balances to the general ledger balances
	We confirmed some selected customers balances
	We reviewed the aging analysis report for the total customers balances
	We assessed the appropriateness of the company's provisioning methods, we reviewed management's assumptions comparing them to historical data on cash collections and write-offs
	We evaluated the company's controls over the debt collection processes and the estimation of the bad debt provision, including the process for reconciling sales, cash receipts and the general ledger
	We checked whether the provision has been accurately and consistently calculated in line with company policy, tested the accuracy of the ledger aging information by verifying a sample of underlying invoicing transactions and evaluate the level of cash collected subsequent to period end.
	We assessed the adequacy of the company's disclosures about the degree of estimation involved in arriving at the debt provision.

Material losses – non-technical revenue losses

As disclosed in note 36 to the financial statements, material electricity losses of 24.32% (2016: 23.74%) were incurred as against the Public Utility Regulatory Commission's (PURC) approved system losses of 21% (2016: 20%). These arise mainly from transmission losses, meter tampering and bypasses, illegal connections to the electricity network and illegal vending of electricity.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and the Directors' Report, as required by the Companies Act, 1963 (Act 179), but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusions 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 and our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation and fair representation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and as required by the Companies Act, 1963 (Act 179) and for such internal control as management determines 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 Board of Directors is 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 Board of Directors either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 it 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 skepticism throughout the audit. We also:

- Identify and assess the risk of financial 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 management.
- 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 the fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the company to express an opinion on the financial statements.

We are responsible for the direction, supervision and performance of the company audit.
We remain solely responsible for our audit opinion

We communicate with the Board of Directors, 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 requirements

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

- i.) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii.) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and

- iii) the company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

CFY Partners 30/01/19

Signed by: Nii Akwei Tetteh (ICAG/P/1381)

For and on behalf of:

CFY Partners (ICAG/F/2019/073)

134 Robinson Crescent, Swanlake Road

PMB 2 North Kaneshie

Accra, Ghana

ELECTRICITY COMPANY OF GHANA LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2017

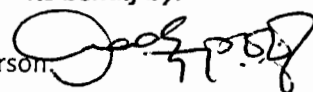
	Note	2017 GHS'000	2016 GHS'000
Revenue	1	6,218,990	5,695,070
Direct costs	2	(5,822,205)	(4,395,209)
Gross margin		396,785	1,299,861
Distribution costs	3	(264,451)	(194,660)
Administrative expenses	4	(455,768)	(400,210)
Other income	5	13,357	17,299
Other gains	6	1,482	3,263
Operating (Loss)/Profit		(308,595)	725,553
Finance income	7	13,659	11,151
Finance costs	8	(347,184)	(374,653)
Net finance costs		(333,525)	(363,502)
Share of profit / (loss) of associate	9	-	-
(Loss) / Profit before tax expense		(642,120)	362,051
Tax expense	10	144,697	(153,446)
(Loss)/Profit after tax	25	(497,423)	208,605
OTHER COMPREHENSIVE INCOME			
Surplus on revaluation	24	1,096,669	4,117,532
Deferred tax on revaluation surplus	24	(274,167)	(1,029,383)
		822,502	3,088,149
		822,502	3,088,149
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		325,079	3,296,754
Earning per share (EPS) in GHPs		(0.01)	0.42


ELECTRICITY COMPANY OF GHANA LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2017

	Note	2017 GHS'000	2016 GHS'000
ASSETS			
Non-current assets			
Property, plant & equipment	12	15,130,750	13,615,045
Investment	14	2,966	2,966
Advances & Loans	15	30,360	28,878
		15,164,076	13,646,889
Current assets			
Inventories	16	79,904	63,609
Trade and other receivables	17	4,024,059	4,073,970
Prepayments	18	42,992	27,941
Cash and cash equivalents	19	434,752	483,317
		4,581,707	4,648,837
Total assets		19,745,783	18,295,726
Equity attributable to the owners of the company			
Stated capital	21	5	5
Government equity	22	8,064	8,064
Other components of equity	23	306,420	304,369
Capital surplus	24	7,599,506	7,093,650
Income surplus	25	478,781	659,558
Total equity		8,392,776	8,065,646
Liabilities			
Non-current liabilities			
Deferred credit	26	670,418	622,602
Deferred tax liabilities	27(a)	2,572,815	2,443,345
Borrowings - due after one year	28 (a)	950,721	673,812
		4,193,954	3,739,759
Current liabilities			
Bank overdraft	20	180,717	97,020
Provision for company tax	27 (c)	109,010	109,010
Trade and other payables	29	6,530,840	5,990,133
Borrowings - due within one year	28 (b)	338,486	294,158
		7,159,053	6,490,321
Total liabilities		11,353,007	10,230,080
Total equity and liabilities		19,745,783	18,295,726

The financial statements and accompanying notes on pages 14 to 47 were approved by the Board of Directors on 30th January 2019 and signed on its behalf by:

Chairperson: 

Managing Director: 

Name: ICELI GIDZEVPO

Name: SAMUEL BOATENG-AFFIAH

Date: 30/01/19

Date: 30/01/19

ELECTRICITY COMPANY OF GHANA LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2017

	Stated capital	Gov't equity	Other components of equity	Capital surplus	Income surplus	Total
	GHS'000	GHS'000	GHS'000	GHS'000	GHS'000	GHS'000
Balance at 1st January 2017	5	8,064	304,369	7,093,650	659,558	8,065,646
Loss for the year					(497,423)	(497,423)
Development finance			2,051			2,051
Share of associate in previous years						
Net revaluation surplus after tax				822,502		822,502
Transfer of depreciation charge on ppe out of revaluation surplus net of tax				(316,646)	316,646	
Transfer to deferred tax						
Share of other comprehensive loss from associate company						
Balance at 31st December 2017	5	8,064	306,420	7,599,506	478,781	8,392,776
Balance at 1st January 2016	5	8,064	239,930	4,301,070	179,030	4,728,099
Profit for the year					208,605	208,605
Development finance			64,439			64,439
Share of associate in previous years						
Net revaluation surplus after tax				3,088,149		3,088,149
Transfer of depreciation charge on ppe out of revaluation surplus net of tax				(271,923)	271,923	
Transfer to deferred tax				(23,646)		(23,646)
Share of other comprehensive profit from associate company						
Balance at 31st December 2016	5	8,064	304,369	7,093,650	659,558	8,065,646

The notes on pages 14 to 47 form an integral part of these financial statements and should therefore be read in conjunction therewith.

ELECTRICITY COMPANY OF GHANA LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2017

	Note	2017 GHS' 000	2016 GHS'000
Operating activities			
Net cash inflow from operating activities	31(a)	569,040	844,764
Investing activities			
Interest paid/cancelled		(9,820)	(28,302)
Interest received	7	13,659	11,151
Payments to acquire property, plant & equipment and towards capital work in progress	13a	(995,260)	(1,068,414)
Proceeds from sale of property, plant & equipment		315	2,471
Government/Customer contribution to property, plant & equipment		72,720	159,874
Net cash outflow towards investing activities		(918,386)	(923,220)
Financing activities			
Long term loan drawdowns/capitalization	28a	239,500	297,111
Long term loan repayments/transfers	28a	(20,849)	(73,499)
Development finance drawdown	23	2,052	64,439
Net cash inflow from financing activities		220,703	288,051
Increase (Decrease) in cash and cash equivalents in the year		(132,261)	209,595
Cash and cash equivalents at 1st January		386,297	176,702
Cash and cash equivalents at 31st December	32(b)	254,036	386,297

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017 (continued)

1.0 REPORTING ENTITY

Electricity Company of Ghana Limited is a wholly state owned private limited liability company incorporated and domiciled in Ghana. The address of its registered office is Electro-Volta House, P O Box 521 Accra. The company is primarily involved in distribution of electricity to the southern part of Ghana. The company is not registered on any stock exchange.

The financial statements of Electricity Company of Ghana Limited for the year ended 31st December 2017 were authorized for issue in accordance with a resolution of the Board of Directors on January 2019.

1.2 BASIS OF PREPARATION

The company's financial statements are prepared in Ghana cedis, which is the company's functional currency. The Ghana cedi (GH¢) is the currency of the primary economic environment in which the company operates.

The financial statements of Electricity Company of Ghana Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretation as adopted by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of property, plant and equipment, assets available-for-sale, and financial assets and financial liabilities at fair value through profit or loss.

1.3 USE OF ESTIMATES AND JUDGEMENT

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas of assumptions and estimates which are significant to the financial statements.

1.4.3 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The company has elected not to early adopt the following standards, amendments and interpretations to existing standards that were issued but not yet effective, for the accounting periods beginning 1st January 2017. Their application will however not have significant impacts on the company's financial statements.

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017 (Continued)

Standard/ Interpretation	Content	Applicable for financial years beginning on/after
IFRS 9	Financial Instruments	1 st January 2018
IFRS 15	Revenue from Contract with Customers	1 st January 2018
IFRS 16	Leases-Replacement of IAS 17 Leases	1 st January 2019

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39.

Under IFRS 9 there are two options in respect of the classification of financial assets, namely, financial assets measured at amortized cost or at fair value. Financial assets are measured at amortized cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value. Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host. The amendment will not have any significant impact on the company's financial statements.

IFRS 15 Revenue from Contracts with Customers

This standard will replace the existing revenue standards and their related interpretations. The standard sets out the requirements for recognizing revenue that applies to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts or financial instruments)

The core principles of the standard is that revenue recognized reflects the consideration to which the company expects to be entitled in exchange for the transfer of promised goods or services to the customer.

The standard incorporates a five step analysis to determine the amount and timing of revenue recognition.

The standard will be applied retrospectively. The standard does not apply to revenue associated with financial instrument, and therefore does not impact majority of the company's revenue. The

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017 (Continued)

company has identified and reviewed the contracts with customers that are within the scope of this standards which indicate that IFRS 15 will not materially impact the company on transition.

IFRS 16, 'LEASES'

IFRS 16, 'Leases' sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, that is the customer (lessee) and the supplier (lessor). IFRS 16 is effective from 1st January, 2019 and the company can choose to apply IFRS 16 before that date but only if it also applies IFRS 15. "Revenue from Contracts with Customers". IFRS 16 replaces the previous leases standard, IAS 17 "Leases" and related interpretations. The Company is assessing the impact of IFRS 16 and does not intend to early adopt the standard. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

2.0 SIGNIFICANT ACCOUNTING POLICIES

2.1 PROPERTY, PLANT AND EQUIPMENT

• RECOGNITION AND MEASUREMENT

All classes of property, plant and equipment (PPE) are initially measured at cost. Cost includes expenditure that is directly attributed to the acquisition of the items. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributed to bringing the asset to its intended working condition. Acquired software that forms part of equipment is capitalized as part of the equipment.

• SUBSEQUENT MEASUREMENT

Subsequent costs are included in the carrying amounts of assets or recognized as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

All classes of PPE in service are revalued on the basis of replacement cost at 31st December and incorporated in the financial statements. Physical revaluation of all PPE is carried out by independent consultants every five (5) years. In between the physical revaluation an index,

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017 (CONTINUED)

underscored by movements in United States of America (USA) Consumer price index (CPI) and exchange rate of USA dollar against the reporting currency of Ghana cedi is used to estimate replacement cost for all classes of PPE.

• DEPRECIATION

Depreciation on PPE in service is calculated so as to write off the gross book value on a straight line basis over the expected useful lives of the assets concerned from the date of acquisition or revaluation. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The applicable rates are as follows:

	%
• Sub-transmission	2 ½ - 4
• Distribution network	2 ½ - 4
• Buildings and civil works	2 ½ - 4
• General tools	12 ½
• Fixtures and fittings	12 ½
• Meters	5
• Computer equipment	25 - 33 ½
• Motor vehicles	10 - 25

2.2 INTANGIBLE ASSETS

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three to four years. Subsequent costs associated with maintaining computer programmes are recognized as an expense as incurred. Unless it increases the future economic benefits embodied in the specific asset to which it relates that it will be capitalized.

2.3 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017 (Continued)

2.4 NON-CURRENT ASSETS

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

2.5 GOVERNMENT GRANT

Grant and assistance from the government are reported at fair value when it can reasonably be assumed that the grant will be received and the company will meet the conditions of the grant. A grant tied to a non-current asset is amortized against related asset annual depreciation. A grant intended to cover expenses is reported in the Statement of Comprehensive Income over the same periods as an expense.

2.6 FOREIGN CURRENCY TRANSLATION

The company's financial statements are presented in Ghana cedis, which is the company's functional currency. The Ghana cedi (GHS) is the currency of the primary economic environment in which the company operates. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlements such as transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Comprehensive Income.

2.7 FINANCIAL ASSETS INITIAL RECOGNITION

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, and loans, receivables, held-to-maturity investments, available-for-sale financial assets, or derivatives designed as hedging instrument. Financial assets are recognized initially at fair value plus, in the case of investment not at fair value through profit or loss, directly attributable transactions costs. The Company's financial assets include cash and short-term deposits, trade and other receivables.

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017 (CONTINUED)

2.8 RECEIVABLES

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective rate method. Trade receivables are amounts due from customers for services provided and merchandise sold in the ordinary course of business. Trade receivables have a short anticipated term and therefore recognized initially at fair value and subsequently at nominal value, less provision for impairment.

2.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held in call accounts with banks, other short-term highly liquid investments with original maturities of six months or less, and bank overdrafts. Bank overdrafts are shown with borrowings in current liabilities on the balance sheet.

2.10 FINANCIAL LIABILITIES INITIAL RECOGNITION

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or loans and borrowings as appropriate. The company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognized initially at fair value and in the case of loans and borrowings, directly attributable transaction costs. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are recognized initially at fair value and classified as current liabilities because of their anticipated short term. The company's financial liabilities include trade and other payables, bank overdraft, loans and borrowings.

2.11 SUBSEQUENT MEASUREMENT OF FINANCIAL LIABILITIES

The measurement of financial liabilities depends on their classification. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized. Trade payables are subsequently measured at nominal value because of their short-term nature.

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017 (Continued)

2.12 OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis.

2.13 EMPLOYEE BENEFITS

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognized for the amount expected to be paid under short term cash bonus if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The company has a provident fund scheme for all permanent employees. Employees contribute between 7.5% and 10% of their basic salary to the fund whilst the company contributes 4%. The obligation under the plan is limited to the relevant contribution and these are settled on due dates to the fund manager.

Under a 3 Tier National Contributory Benefit Pension Scheme, the company contributes 23% of employee's basic salary, whilst the employee contributes 10.5%. The first tier of 13.5% is paid to and managed by Social Security and National Insurance Trust (SSNIT).

The second tier of 5% and the third tier of 15% are paid to and managed by trustees of ECG Pension Scheme. The obligation under these plans are limited to the relevant contributions and these are settled on due dates to the trustees.

2.14 ASSOCIATE ENTITY

Associate is an entity over which the company has significant influence but not control, accompanying a shareholding of 20% of shares. Investment in the associate entity is accounted for using the equity method of accounting and is initially recognized at cost. The company's share of associate's post-acquisition profits and losses is recognized in the income statement, and its share of post-acquisition movements is adjusted against the carrying amount of the investment. When the company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2017 (Continued)

2.15 INVENTORIES

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.16 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets.

2.17 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of business of the company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts. The company recognizes revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity and when specific criteria have been met. The criteria met when electricity power that is distributed to customers through post-paid and prepaid meters and actual power used by each customer for a particular period is determined and the applicable tariff applied.

2.18 FINANCE INCOME AND EXPENSES

Finance income comprises interest income on funds invested and is recognized in the income statement using the effective interest method. Finance expenses comprise interest expense on borrowings. All borrowing costs are recognized in the income statement using the effective interest method.

2.19 INCOME TAX

Income Tax on the profit for the year consists of current and deferred tax. Income tax is recognized in the Statement of Comprehensive Income, except to the extent that it relates to items recognized directly in equity. Current tax is provided at current rates and is calculated on the basis of results for the period, taking account of manufacturing relief, where appropriate.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017 (Continued)

purposes and the amounts used for taxation purposes. Deferred tax assets are recognized only to the extent that the Board considers that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date. Deferred tax is charged or credited to the Income Statement, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2.20 EARNING PER SHARE

The company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the number of ordinary shares outstanding during the period. The company has no convertible notes and share options, which could potentially dilute its EPS and therefore the company's Basic and diluted EPS are essentially the same.

2.21 COMPARATIVES

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Comparative figures have been adjusted to conform to changes in presentation in the current year.

3.0 RISK MANAGEMENT

Risk is an active element in the business environment within which the company operates. The company is committed to successfully managing its exposure to risk and to minimizing its impact on the achievement of corporate objectives. The following identify the components that the company has established as procedures to risk management process:

- Processes for identifying and prioritizing the company's risks for Management and Board;
- Monitoring mechanisms to ensure proper execution of mitigation plans;
- Ongoing assessments to highlight trends and to identify new and emerging risks areas;

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017 (Continued)

- Maintenance of a company's perspective on risk through a process of consolidating and aligning the various views of risk across the company.

The risk management framework outlined above is based on an enterprise risk management model, which ECG adopted in 2009. This risk management process provides an integrated approach to risk and become an established best practice model for risk management. The enterprise approach provides ongoing assessment of the consolidated risk position for the company. The combined risk plans of each Business Unit are reviewed to highlight trends and to identify common and interdependent risks across the company.

- **HEALTH AND SAFETY RISK**

The company is committed to the highest possible safety standards to protect against the risk of injury to staff, contractors and the general public. Safety is a core value of ECG. There is continuing drive to maintain awareness among all staff concerning the importance of safety. A health and safety culture is strongly fostered throughout the company.

- **REGULATORY RISK**

ECG regulatory risk relates to compliance with operational regulatory obligation and the impact of price reviews and the ongoing unbundling and deregulation of the electricity generation market in the country. The company manages these risks through a team with representation from Finance, Legal, Engineering and Customer Services Directorates, and coordinated by the Divisional Managers in charge of Corporate Planning and Regulatory and Governmental Affairs. The team provides inputs for tariff proposals to PURC and the ongoing deregulation of the market for power generation and distribution.

- **BUSINESS PERFORMANCE RISK**

Business performance risk is the risk that the company's business may not perform as expected either due to internal factors or due to competitive pressures in the markets in which it operates. Performance risks are identified and mitigation actions are planned and assigned. At Corporate level, the overall business performance risk is managed through a number of measures including but not limited to ensuring appropriate management team in place, rigorous budget and business planning, monthly and quarterly reporting and variance analysis, financial controls, key performance indicators and regular forecasting.

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017 (CONTINUED)

- **KNOWLEDGE/SKILLS RISKS**

The company is mindful of its high dependency on the technical competence and credibility of its management and staff. ECG is strongly aware of the need to be in tune with technology direction within the industry, if it is to maintain high standard of competence, effectiveness and competitiveness. Accordingly, ECG continues to invest in staff training and development as well as ongoing performance improvement. ECG has introduced a balance scorecard methodology as a strategic management system. Corporate strategies are linked to individual work plans against which staff are monitored continuously.

- **FINANCIAL/TREASURY RISKS**

The main treasury risks faced by the company relate to foreign exchange, interest rate and liquidity. Policies to protect ECG from these risks are regularly reviewed, revised and approved by the Board as appropriate. The Treasury Division at Head office is responsible for the day to day treasury activities of the company. For a more detailed description of the Treasury Division activities and the management of related financial risks, see Notes 36

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST DECEMBER 2017 (Continued)

REVENUE AND COST STRUCTURE		2017 GHS'000	2016 GHS'000
1	Revenue		
	Sale of electricity	5,827,041	5,347,241
	Public lighting levy	144,425	142,188
	Govt. and cust. contribution amortisation	24,904	19,276
	Street lighting shortfall recovery	205,639	171,770
	Reconnection and meter maintenance fee	16,981	14,596
		6,218,990	5,695,070
2	Direct costs		
	Power purchases	4,498,201	3,154,311
	Transmission cost	554,674	517,774
	Operations	91,914	76,592
	Maintenance	157,997	145,456
	Transport	29,693	23,108
	Depreciation	489,726	477,968
		5,822,205	4,395,209
3	Distribution costs		
	Direct distribution costs	161,495	119,287
	Transport	10,012	7,349
	Depreciation	92,944	68,025
		264,451	194,660
4	Administrative expenses		
	Overhead expenses	402,914	354,484
	Loss on sale of damaged and obsolete stock	18	299
	Loss on disposal of fixed assets	4,867	7,242
	Transport	26,285	22,404
	Depreciation	21,684	15,781
		455,768	400,210
5	Other income		
	Hiring/charging of company transport	19	5
	Rent income	42	38
	Other non-operating income	13,296	17,256
		13,357	17,299

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2017 (Continued)

	Note	2017 GHS'000	2016 GHS'000
6 Other Gains			
Financial assets revaluation gain through profit & loss		1,482	3,263
7 Finance income			
Interest on short term investment & Loans		13,659	11,151
Foreign exchange gain(/loss): Sundries		-	-
		13,659	11,151
8 Finance costs			
Interest on long-term borrowing		46,588	75,881
Foreign exchange loss:			
Long-term loans		102,586	58,265
Exchange loss capitalized		(33,309)	(18,115)
		69,277	40,150
Long-term interest creditors		(33,153)	25,435
Others		264,472	233,187
		300,596	298,772
		347,184	374,653
9 Share of (loss) profit of associate company			
24% share of (loss) profit of Nexans Kabelmetal Gh. Ltd.		-	-
Share of company tax		-	-
		-	-
10 Tax on profit on ordinary activities			
Deferred tax expense			
Provision of 25% tax on profit		-	90,513
(Increase)/Reduction in deferred tax assets in t	27(a)iii	(100,453)	109,680
Origination/reversal of temporary differences	27(b)	(44,244)	(46,747)
		(144,697)	153,446
11 Loss/Profit for the year			
The loss for the year is stated after charging:			
Depreciation of fixed assets in service		604,352	561,774
Salaries and wages		390,643	354,705
Auditor's remuneration		473	-
Board remuneration		256	554

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2017 (Continued)

12 PROPERTY, PLANT AND EQUIPMENT SCHEDULE -- 2017

VALUATION	Balance at 01/01/2017	Revaluation uplift	Additions During the year	Deletions/Transfers During the year	Balance at 31/12/2017
	GHS'000	GHS'000	GHS'000	GHS'000	GHS'000
Subtransmission	4,644,491	446,701	215,288	-	5,306,480
Distribution	9,414,808	889,960	117,735	6,012	10,416,491
Land and Building	414,427	85,825	94,159	-	594,411
General tools	43,214	4,398	7,157	-	54,770
Fixtures and Fittings	53,737	5,462	8,792	-	67,990
Meters	1,278,264	125,128	108,742	1,534	1,510,600
Computer Equipt/Software	89,877	8,448	-	-	98,325
Transport	145,033	14,419	16,722	-	176,173
	16,083,851	1,580,341	568,595	7,546	18,225,241
DEPRECIATION	Balance at 01/01/2017	Revaluation Backlog	Depreciation Charge for the year	Deletions/Transfer During the year	Balance at 31/12/2017
	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000
Subtransmission	1,585,595	149,046	152,465	-	1,887,106
Distribution	2,909,860	273,382	307,042	1,536	3,488,748
Land and Building	97,369	17,838	8,119	-	123,326
General Tools	33,291	1,269	4,693	-	39,253
Fixtures and Fittings	18,665	1,754	12,919	-	33,338
Meters	301,972	28,307	71,857	828	401,308
Computer Equipt/Software	73,905	6,947	12,986	-	93,838
Transport	54,550	5,128	34,271	-	93,949
	5,075,206	483,671	604,352	2,364	6,160,866
Net book value	11,008,644				12,064,375
NET	11,008,644				12,064,375
Capital works in progress Note 13(a)	2,606,401				3,066,375
	13,615,045				15,130,750

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017 (continued)

12

PROPERTY, PLANT AND EQUIPMENT SCHEDULE -- 2016					
VALUATION	Balance at 01/01/2016	Revaluation uplift	Additions During the year	Deletions/Transfers During the year	Balance at 31/12/2016
	GHS'000	GHS'000	GHS'000	GHS'000	GHS'000
Subtransmission	2,593,268	1,901,769	150,234	(779)	4,644,491
Distribution	8,434,566	716,904	271,342	(8,004)	9,414,808
Land and Building	429,811	(146,116)	132,262	(1,530)	414,427
General tools	29,547	12,861	807	-	43,214
Fixtures and Fittings	119,160	(74,397)	8,974	-	53,737
Meters	912,013	43,487	327,447	(4,683)	1,278,264
Computer Equip/Softwa	48,923	15,203	26,744	(992)	89,877
Transport	267,293	(94,131)	6,661	(34,791)	145,033
	12,834,579	2,375,579	924,471	(50,778)	16,083,851
DEPRECIATION	Balance at 01/01/2016	Revaluation Backlog	Depreciation Charge for the year	Deletions/Transfers During the year	Balance at 31/12/2016
	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000
Subtransmission	1,044,548	445,519	95,577	(50)	1,585,595
Distribution	4,426,514	(1,879,729)	364,720	(1,646)	2,909,860
Land and Building	119,077	(32,517)	11,785	(977)	97,369
General Tools	22,923	9,019	1,349	-	33,291
Fixtures and Fittings	86,875	(80,614)	12,404	-	18,665
Meters	313,413	(60,999)	53,098	(3,540)	301,972
Computer Equip/Softwa	47,983	21,270	4,817	(165)	73,905
Transport	235,117	(163,902)	18,022	(34,686)	54,550
	6,296,450	(1,741,952)	561,774	(41,064)	5,075,206
Net book value	6,538,129				11,008,644
NET	6,538,129				11,008,644
Capital works in progress	2,444,343				2,606,401
	8,982,472				13,615,045

ECG appointed KPMG to act as independent advisor to carry out the valuation of its tangible fixed assets on a continuing basis as at 31st December 2016. This valuation report was used by ECG as the basis for the revaluation of its scope in its financial statements as at the valuation date.

ELECTRICITY COMPANY OF GHANA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2017 (continued)**

	2017 GHS'000	2016 GHS'000
13a Capital work in progress		
Balance at 1st January	2,606,401	2,444,343
Additions during the year less exchange loss capitalised	995,260	1,068,414
Exchange loss capitalized	33,309	18,115
Transfers to PPE in service during the year	(568,595)	(924,471)
Balance at 31st December	3,066,375	2,606,401
13b Capital work-in-progress by category		
Development jobs	2,165,758	1,683,642
Inventories reclassified project materials under cwip	658,758	748,527
Civil Works	209,321	167,934
Rechargeable Jobs	32,538	6,298
	3,066,375	2,606,401
14 Investment		
Associate company equity investment		
Balance at 1st January	2,966	2,966
Understated share of equity interest as at Dec. 2009		
Dividend received		
Share of loss/(profit) less company tax		
Share of other comprehensive loss-associate co.		
Balance at 31st December	2,966	2,966
This represents 24% equity interest in Nexans Kabelmetal as at 2016 year end. In the year 2017, the investment was diluted to 11%		
15 Advances & loans		
Opening/transfer from capital work-in-progress	28,878	25,614
Revaluation gain	1,482	3,264
	30,360	28,878
This represents IDA .. Loan to GoG sub-lent to ECG and the latter subsequently sub-lent part to GRIDCO		
16 Inventories		
Electrical materials	31,889	29,567
Mechanical materials	8,139	2,979
Materials-in-transit and others	43,119	33,420
	83,147	65,966
Provision for damaged, slow moving and obsolete stocks	(3,243)	(2,357)
	79,904	63,609
17 Trade and Other receivables		
Customer balances - Private	1,402,057	1,781,637
- MDA's & GWCL	871,363	817,725
Total Customer Balances	2,273,420	2,599,362
Street lighting shortfall recovery - GoG	1,063,887	858,249
Government subsidies	645,974	573,807
Other trade debtors	3,020	6,359
Staff loans and advances*	37,758	36,193
	4,024,059	4,073,970

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2017 (continued)

	2017 GHS'000	2016 GHS'000
18 Prepayments		
Advanced mobilization to suppliers/contractors	42,992	27,941
19 Cash and cash equivalents		
Bank balances	322,448	358,031
Cash on hand	6	1
Treasury bills	11,420	6,699
Fixed deposits	100,878	118,586
	434,752	483,317
20 Bank overdraft		
Merchant Bank Ghana Limited	32,757	27,634
GCB Bank Ghana Limited	73,605	6,323
Ecobank Ghana Limited	11,838	13,805
Unibank Ghana Limited	4,422	-
Energy Bank	38,300	39,653
Fidelity Bank	5,053	-
1st Atlantic Bank	5,192	-
Other overdrawn accounts	9,550	9,605
	180,717	97,020
21 Stated capital		
Authorised number of ordinary shares of no par value: 500,000,000.		
Shares issued and fully paid for consideration other than cash is 50,000,000 shares. There is no unpaid liability on any share and there are no shares in arrears	5	5
22 Government equity		
Government equity represents surplus arising from conversion from corporation to limited liability company status	8,064	8,064
23 Other components of equity		
Balance at 1st January	304,369	239,930
Additions during the year - development finance	2,051	64,439
Share of other comprehensive income	-	-
Balance at 31st December	306,420	304,369

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

ENDED 31ST DECEMBER 2017 (continued)

	2017	2016
	GHS'000	GHS'000
24 Capital surplus		
Balance at 1st January	7,093,650	4,301,070
Surplus on revaluation of fixed assets in the year	1,096,669	4,117,532
Transfer to deferred tax on recognised surplus in the year	(274,167)	(1,029,383)
	7,916,152	7,389,219
Transfer to income surplus account re-depreciation charge	(316,646)	(271,923)
Transfer to deferred tax re-depreciation charge	-	(23,646)
	7,599,506	7,093,650
25 Income surplus		
Balance at 1st Jan	659,558	179,030
(Deficit)/surplus for the year after tax	(497,423)	208,605
Direct transfer from capital surplus net of tax	316,646	271,923
Balance at 31st December	478,781	659,558
26 Deferred credit		
(a) Government contribution		
Balance at 1st Jan	384,402	275,528
Additions during the year	42,385	119,895
	426,787	395,423
Amount transferred to income statement	(15,376)	(11,021)
Balance at 31st December	411,411	384,402
(b) Customer contributions		
Balance at 1st Jan	238,200	206,360
Additions during the year	30,335	40,094
	268,535	246,454
Amount transferred to income statement	(9,528)	(8,254)
Balance at 31st December	259,007	238,200
Total	670,418	622,602

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017 (Continued)

27	Deferred tax liabilities	2017 GHS'000	2016 GHS'000
27(a):	(i) Property, plant and equipment		
	Balance at 1st January	2,357,744	1,375,108
	Recognised in income during the year	229,922	982,636
	Balance at 31st December	2,587,666	2,357,744
	(ii) Direct transfer from capital surplus		
	Balance at 1st January	85,602	61,956
	Transfer during the year	-	23,645
	Balance at 31st December	85,602	85,601
	(iii) Deferred tax assets		
	Balance at 1st January	-	(109,680)
	(Increase)/Reduction in deferred tax assets in the year	(100,453)	109,680
	Balance at 31st December	(100,453)	-
	Total	2,572,815	2,443,345
27(b)	Movement related to revaluation, origination and reversal of temporary differences.		
	Deferred tax liability due to mismatch of bases	2,587,667	2,357,744
	Opening deferred tax	(2,357,744)	(1,375,108)
	Deferred tax for the year	229,923	982,636
	Deferred tax attributable to revaluation	(274,167)	(1,029,383)
	Deferred tax income/(expense) related to the origination/reversal of temporary differences	(44,244)	(46,747)

LECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2017 (continued)

27(c) Taxation payable

Income tax

	Balance 1/1/2017	Payments during the year	Charged to P & L account	Balance at 31/12/2017
	GHS'000	GHS'000	GHS'000	GHS'000
2008	(5,655)	-	(5,655)	(5,655)
2009	(5,655)	-	-	(5,655)
2010	(18,497)	-	-	(18,497)
2011	(18,497)	-	-	(18,497)
2012	(18,497)	-	-	(18,497)
2013	(18,497)	-	-	(18,497)
2014	(18,497)	-	-	(18,497)
2015	(18,497)	-	-	(18,497)
2016	(18,497)	-	(90,513)	(109,010)
2017	(109,010)	-	-	(109,010)

Tax liabilities up to and including the 2006 assessment have been agreed with the tax authorities. The remaining liabilities are however subject to agreement with the tax authorities.

27(d) Reconciliation with effective tax rate

	2017 GHS'000	2016 GHS'000
(Loss)/Profit before taxation	(642,120)	362,051
Income tax using domestic tax rate (25%)	-	90,513
Deferred tax	(144,697)	-
Current tax charge	(144,697)	90,513

ELECTRICITY COMPANY OF GHANA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2017 (Continued)**

BORROWINGS

28(a):	Due after one year	Balance as at 01/01/17 GHS'000	Drawdown GHS'000	Repayment GHS'000	Exchange difference GHS'000	Balance as at 31/12/17 GHS'000
	IDA 2467	82,377	-	-	10,935	93,312
	IDA 2682-I-GH DSUP	-	-	-	-	-
	IDA 4356-GH	246,446	-	-	32,715	279,161
	IDA 4730	250,919	16,168	-	33,309	300,395
	NDF 80	21,785	-	-	2,892	24,677
	2ND BULK SUPPLY POINT/SIDA	444	-	-	71	515
	KFW NO. 9866070GH	17,492	-	-	3,387	20,878
	CGH101201A(CFD-INV)	8,083	-	-	1,565	9,648
	CHIRANO LOAN	1,755	-	(295)	90	1,550
	WESTERN DIAMOND LOAN	7,354	-	(1,547)	377	6,185
	AfDB LOAN	84,500	-	-	4,335	88,835
	ADF LOAN	-	28,691	-	-	28,691
	IDA CR NO. 56290	-	17,925	-	-	17,925
	CAL BANK LOAN	-	176,716	-	-	176,716
	BXC	246,815	-	(19,007)	12,910	240,718
		967,970	239,500	(20,849)	102,586	1,289,205
	Less:					
	Due within one year	(294,158)				(338,486)
	Due after one year	673,812				950,719
28(b):	Due within one year					
	Loan	Balance at 1/1/2017				Balance at 31/12/2017
	IDA 2467	82,376				93,312
	IDA 2682	-				-
	IDA 4356-GH	95,522				108,202
	IDA 4730	80,567				95,305
	KFW NO. 9866070GH	6,664				8,699
	NDF 80	21,785				24,677
	2ND BULK SUPPLY POINT	444				515
	AfDB Loan	2,110				2,218
	CGH 1012 01A (CFD-INV)	4,409				5,263
	CHIRANO LOAN	281				295
		294,158				338,486

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017 (Continued)

		2017 GHS'000	2016 GHS'000
28(c):	Interest on long-term borrowings		
	(i) IDA 2467	6,723	6,088
	(ii) IDA 2682-I-GH	-	4,489
	(iii) IDA 4356-GH	14,033	12,543
	(iv) IDA 4730	14,287	10,727
	(v) KFW NO. 9866070GH	594	508
	(vi) CGH 101201A (CFD-INV)	252	220
	(vii) AfDB loan	880	794
	(viii) Chirano loan	44	46
	(ix) Western Diamond	553	612
	(x) BXC	9,223	3,313
		46,589	39,340

Note 28 (d)

IDA 2467

The IDA 2467 credit facility is a loan from the International Development Association (IDA) of SDR55,200,000 granted to the Government of Ghana in 1993 and relented to ECG and Volta River Authority. ECG's portion of SDR29,135,000 which has been increased to SDR29,400,000 is to finance the National Electrification Project. The loan is repayable in equal semi-annual instalments from June 1998 to December 2013. Interest is at the rate of 7.6% per annum on the outstanding loan balance payable 15th June and 15th December each year.

Under the HIPC arrangement, the portion of the loan due but not paid and accrued interest at 31st December 2008 were cancelled.

ii IDA 4356-GH

IDA 4356-GH credit facility was a loan from International Development Association of SDR59,100,000 granted to the Government of Ghana.

ECG'S portion of SDR24,740,000 a subsidiary loan agreement dated 9th November 2007 was for Energy Development and Access Project.

ECG shall pay to the Government of Ghana a commitment charge on the principal amount of the subsidiary loan not withdrawn from time to time at the rate of 0.5% on 1st February and 1st August each year. The loan attracts an interest of 5.3% per annum payable semi annually on 1st March and 1st September each year and the Principal amount withdrawn and outstanding from time to time. The Principal amount is also repayable semi-annually on 15th March and 15th September, and ending September 15, 2024.

NDF80

The NDF80 loan from the Nordic Development Fund of SDR4 million was granted to the Government of Ghana on 5th July 1994 and relented to ECG on the 25th March 1996. The proceeds of the loan shall be used exclusively for the purpose of financing the extension of electricity from the national power grid to small urban centres and rural areas of Ghana. ECG shall repay to the Government, the principal amount of the loan within thirty years (from the date of the agreement) in semi-annual instalments commencing after a grace period of ten years from the date of the loan without any interest.

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2017 (continued)

Note 28 (d) (continued):

Under the HIPC arrangement, the portion of the loan due but not paid and accrued interest at 31st December, 2008 were cancelled.

iv SIDA LOAN

The loan was a facility granted to ECG and VRA in 1997 of which ECG's portion represents SEK16.5 million. This was to finance the construction of the second bulk supply point. Under the agreement the repayment shall be eighteen (18) equal semi-annual consecutive instalments, falling due on the earlier of (i) the date falling eighteen months after the commissioning of the project or (ii) 30th June 2001 with zero interest rate in each case.

Under the HIPC arrangement, the portion of the loan due but not paid and accrued interest at 31st December, 2008 were cancelled.

v KFW NO. 9866070GH

The KFW No. 9866070GH was a loan of DM10 million granted to the government of Ghana in 1999 under the German Financial Co-operation with Ghana. The loan is to be used for the importation of spare parts and components for the substitution of about sixty 33 KW Circuit breakers and the replacement of 11 KV-Switchboards with vacuum breakers. Under a subsidiary loan agreement, an interest of 3 per cent per annum is charged on the amount withdrawn and outstanding. The loan is repayable over 30 years in 60 semi-annual instalments with 9 years grace period. The first instalment is due 1st June 2008.

Under the HIPC arrangement, the portion of the loan due but not paid and accrued interest at 31st December, 2008 were cancelled.

vi CGH 101201A (CFD-INV)

The CGH 101201A (CFD-INV) is a credit facility on preferential conditions of 30.5 million French Francs granted by Caisse Francaise De Development directly to ECG. The loan is for the partial financing of investments required for implementing a support programme for the commercial management of ECG. Interest on the loan is at the rate of 2.75% per annum. The loan will be repaid in 40 equal semi-annual instalments due on 30 April and 31 October each year. The first instalment shall be due on 30th April 1998. A guarantee for this loan which was provided by Ghana Commercial Bank Limited is secured by an Escrow account at GCB.

Under the HIPC arrangement, the portion of the loan due but not paid and accrued interest at 31st December 2008 were cancelled.

Note 28 (d) (continued):

vii CHIRANO LOAN

This was an investment in the construction of 31km of 33kv overhead line and upgrading the ECG Primary Sub-station at Asawinso by Chirano Gold Mine Company Limited (CGMCL) amounting to \$1,002,105.00

Under an agreement dated 25th April 2008, ECG agreed to repay Chirano Gold Mine Company Limited (CGMCL), the amount invested over 15 years at an interest rate of 2.5% commencing April 2008.

viii WESTERN DIAMOND CEMENT LOAN

ECG received a loan of 2.1 million from Western Diamond Cement to construct a 2*60MVA Double Circuit Tower Line from Main C to Western Diamond Factory at Takoradi. The works also include the expansion of the existing primary substation at Apowa (Substation C). ECG is expected to repay the loan over a period of 6 years starting from January 2016 at an interest rate of 8% per annum

ix AFDB LOAN

The Government on lent an amount of UA12,190,000 to ECG on 27th April 2009 for the execution of Power System Reinforcement Project. Under the loan arrangement, ECG shall pay to the Government of Ghana the principal amount over 40 semi-annual equal instalment after a 10 year grace period.

The interest rate for the loan is 10% per annum from the 11th (2018) to the 20th year (2028) inclusive, and at the rate of 3% per annum thereafter.

x BXC LOAN

ECG's indebtedness to BXC after an audit of the materials used and the corresponding funds invested in Teshie, Bortianor and Nungua Districts of the ECG Operational Area. The total indebtedness to BXC on the investments in the three (3) districts, ie. Teshie, Bortianor and Nungua is Eighty-five Million, Nine Hundred and Twenty-Eight Thousand, One Hundred and One USD and Ninety-Four US Cents. (USD85,928,151.94). This was derived from a total validated material and operation and maintenance costs of USD 49,532,401.56 , interest of USD11,66,663.02 and a repayment plan of 12 years monthly instalment at an interest of 6% per annum.

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017 (continued)

xi IDA 4730

This is additional IDA loan that the Government of Ghana on-lent to Electricity Company of Ghana Ltd to finance activities relating to the Energy Development and Access Project. The rate of interest for the loan is 5.3% per annum. The loan shall be repaid over a period of 17 years

xii IDA 56290

This facility is a loan from the International Development Association of SDR 42,700,000 which was made available to the Government of Ghana for the purpose of providing additional financing for activities related to the Energy Development and Access Project

ECG, the state institution implementing the Project is a beneficiary of the loan in the amount of SDR 42,700,000 (equivalent to \$60 million)

ECG shall repay the principal of the loan over a period of 17 years in 34 equal consecutive instalments, from 15th June 2020 to 15th December 2039

xiii ADF LOAN

This is a loan facility that the Government of Ghana on lent to ECG from the African Development Fund to carry out a Project amounting to UA28.6 million (equivalent of \$42.9 million) ECG shall repay to the Government the principal amount of the On lent loan over a period of 40 years in equal semi-annual instalments payable semi annually on each 1st April and 1st October commencing from 1st October 2046 to 1st April 2065

	2017 GHS'000	2016 GHS'000
29 Trade and other payables		
Power purchases & transmission charges	4,635,891	4,065,753
Trade creditors	175,832	384,798
Other creditors	1,480,100	1,352,296
Interest creditors	233,631	181,900
Emergency power producers	5,386	5,386
	<u>6,530,840</u>	<u>5,990,133</u>

30 Capital commitments

At the statement of financial position date, there were capital commitments totalling GHS694 million which have not been provided for in the financial statements.

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017 (Continued)

	2017 GHS'000	2016 GHS'000
31(a) Reconciliation of net loss before tax to net cash inflow (outflow) from operating activities		
Net loss /profitfor the year	(642,120)	362,051
Depreciation	604,352	561,774
Customer contributions amortisation	(9,528)	(8,254)
Gov't contributions amortisation	(15,376)	(11,021)
Other gains on advances & loans	(1,482)	(3,614)
Exchange (gain) loss on long-term loans and interest creditors	36,124	65,585
(Increase)/Decrease in inventory	(16,294)	4,919
Decrease/(Increase) in trade and other debtors	49,911	(1,537,883)
(Increase) decrease in prepayments	(15,051)	(1,170)
Increase in trade and other payables	540,707	1,400,212
(Profit)/ loss on disposal of assets	4,867	7,242
Share of associate loss/ (profit)	-	-
Interest expense	46,588	75,881
Interest income	(13,659)	(11,151)
	569,040	844,764

32(b) Analysis of changes in cash and cash equivalents

Balance at 1st January	386,297	176,701
Net cash inflow (outflow)	(132,261)	209,596
Balance at 31st December	254,036	386,297

33(c) Analysis of cash and cash equivalents as shown in the statement of financial position

	Change in the year			
	2017 GHS'000	2016 GHS'000	2017 GHS'000	2016 GHS'000
Cash at bank and on hand	322,455	358,032	(35,578)	205,095
Short-term investments	112,297	125,285	(12,988)	26,034
Cash & Cash Equivalent	434,753	483,317	48,565	231,129
Bank overdraft	(180,717)	(97,020)	(83,697)	(21,533)
	254,036	386,297	(132,261)	209,596

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

34 Regulatory risk

A significant regulatory risk identified is delayed review of tariff rates in line with changes in macroeconomic indicators. This is more pronounced with United States dollar denominated Power Purchase Agreements where generation cost, a pass-through cost could not be fully recovered through the tariff rates set by the regulator. Intervention to reduce generation cost under recovery is being discussed with the regulator to include such shortfalls in subsequent tariff rates adjustments.

Generation cost under recovery currently recorded is as follows:

	2017 GHS m	2016 GHS m
Opening balance	908	1,078
Additions	<u>(473)</u>	<u>(170)</u>
Closing balance	<u>435</u>	<u>908</u>

35 Business performance risk

The main business performance risk identified is high unaccounted for power purchases, dubbed systems losses. The source of the systems losses is technical and commercial and between them, each contributes about 50% of the total losses. Technical loss is power lost through transmission and distribution due to over-aged and obsolete equipment whilst commercial loss is primarily through power theft, faulty meters and unmetered premises.

Measures being carried out to reduce the systems losses include metering of all substations to accurately determine the percentage losses between technical and commercial losses. Thereafter interventions will be intensified in areas identified with high losses. In addition, introduction of split meters and installation of meters outside facial boards of premises are being carried out to prevent by-pass of the meters leading to power loss. Unmetered premises are also systematically being eliminated from the system.

System losses currently recorded are as follows:

	2017 GWhs	2016 GWhs
Power purchased	9,999	9,344
Power sold	<u>7,567</u>	<u>7,126</u>
System losses	<u>2,432</u>	<u>2,218</u>
System losses %	<u>24</u>	<u>23</u>

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017 (Continued)

36 Financial instruments and financial risks

Overview of Financial Risk Management

The company is exposed to the following main risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk,

Policies to protect the company from the stated risks and others are regularly reviewed, revised and approved by the Board as appropriate. Corporate treasury is responsible for the day to day treasury activities of the company through Director of Finance to Managing Director.

Through the Managing Director, the Board of Directors has delegated the broader responsibility of managing the company's risks in a manner consistent with risk tolerances and business strategies.

The Corporate Audit Directorate reports to Board sub-committee on Finance on assurance in relation to the effectiveness of internal control and risk management from: summary information in relation to management of identified risks; detailed review of the effectiveness of management of selected key risks; results of management's self assessment process over internal control.

36(a) *Credit risk*

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

- *Trade receivables*

The company's exposure to credit risk is influenced mainly by the characteristic of each category of customer classification. The credit risk relating to customers is managed through the ongoing monitoring of debtors days and collection policy based on the credit worthiness, size and duration of debt. Debt collection policy comprises a combination of internal debt follow up and the use of debt collection agencies.

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2017 (Continued)

- **Allowance for impairment**

The company establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for homogeneous assets in respect of losses that have been incurred but have not yet been identified. The collective loss allowance is determined based on historical data of payment for similar financial assets.

- **Exposure to credit risks**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Description	2017 GHSm	2016 GHSm
Trade & other receivables	4,024	4,074
Cash & cash equivalents	254	386
Total	4,278	4,460

- **Impairment losses**

The aging of trade receivables at the reporting date was:

Description	2017			2016		
	Gross amount receivable	Impairment	Net amount receivable	Gross amount receivable	Impairment	Net amount receivable
	GHSm	GHSm	GHSm	GHSm	GHSm	GHSm
Not past due	1,129	-	1,129	1,152	0.00	1,152
Past due <30 days	82	2	82	99	2	97
Past due 30-120 days	237	12	224	278	14	264
Past due >120 days	446	44	401	1,384	58	524
Past due by more than one year	514	77	437	399	99	562
Total	2,408	135	2,273	2,772	173	2,599

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017 (Continued)

The movement in impairment allowance in respect of trade receivables during the year was as follows:

Impairment	2017 GHSm	2016 GHSm
Balance at 1 st January	173	137
Impairment (loss)/gain recognized	(38)	34
Balance at 31st December	135	173

36(b) Liquidity risk

Liquidity risk is the risk that the company either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost. The company's approach to managing liquidity is to ensure that it will maintain adequate liquidity to meet its liabilities when due.

The following are contractual maturities of financial liabilities:

December 2017

Non-derivative financial liability	2017 GHSm	2016 GHSm
Trade and other payables	6,530	5,990
Current portion of long-term borrowing	338	294
Balance at 31st December	6,868	6,284

December 2016

Non-derivative financial liability	2016 GHSm	2015 GHSm
Trade and other payables	5,990	4,577
Current portion of long-term borrowing	294	265
Balance at 31st December	6,284	4,842

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2017 (Continued)

36(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of the market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

- *Currency risk*

The company's exposure to foreign currency risk was as follows based on notional amounts.

2017

Description	USD'M	GBP'M	EUR'M	XDR'M	JPY'M	SEK'M
Cash & cash equivalents	21.72	0.88	2.24	-	-	-
Trade receivables	2.58	-	-	-	-	-
Long term borrowings	(122.84)	-	(5.76)	(109.89)	-	(0.96)
Other trade creditors	(425.33)	(94.28)	(9.40)	-	-	-
Gross exposure	(523.87)	(93.40)	(12.92)	(109.98)	-	(0.96)

2016

Description	USD'M	GBP'M	EUR'M	XDR'M	JPY'M	SEK'M
Cash & cash equivalents	45.53	0.95	7.11	-	-	-
Trade Receivables	9.60	-	-	-	-	-
Long term borrowings	(81.90)	-	(7.11)	(134.61)	-	(0.96)
Other trade creditors	(571.13)	(40.19)	(9.85)	-	(3.76)	-
Gross exposure	(597.90)	(39.24)	(9.85)	(134.61)	(3.76)	(0.96)

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2017 (Continued)

The following significant exchange rates applied during the year:

Currency	Average rate		Reporting rate	
	2017	2016	2017	2016
USD 1	4.3501	3.9996	4.4179	4.2023
GBP 1	5.6339	5.4103	5.9708	5.2003
EUR 1	4.9217	4.2864	5.2989	4.4394
XDR 1	6.1195	5.5008	6.5108	5.7478
JPY 1	0.0388	0.0338	0.0393	0.0360
SEK 1	0.5107	0.4577	0.5386	0.4642

- **Sensitivity analysis on currency risk**

The following table shows the effect of strengthening or weakening of GHS against all other currencies on the company's income statement. This sensitivity analysis indicates the potential impact on the income statement based upon the foreign currency exposures recorded at 31st December (see "currency risk above"). It does not however represent actual or future gains or losses. The sensitivity analysis is based on the percentage difference between the highest daily exchange rate and the average exchange rate per currency recorded in the course of the respective financial year.

A strengthening/ weakening of GHS, by the rates shown in the table, against the following currencies at 31st December have increased/decreased equity and income statement by the amounts shown below.

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

This analysis assumes that all other variables, in particular interest rates, remain constant.

31-Dec	2017			2016		
In GHS	% Change	Income statement impact: strengthening	Income statement impact: weakening	% change	Income statement impact: strengthening	Income statement impact: weakening
		GHS'm	GHS'm		GHS'm	GHS'm
USD	1.53	8.02	(8.02)	5.07	30.30	(30.30)
GBP	5.64	5.27	(5.27)	(3.88)	(1.52)	1.52
EUR	7.12	0.92	(0.92)	3.57	0.35	(0.35)
XDR	6.01	6.61	(6.61)	4.49	6.04	(6.04)
JPY	1.27	-	-	6.51	0.24	(0.24)
SEK	5.18	0.05	(0.05)	1.43	0.01	(0.01)

Chairperson.....*[Signature]*
 Name.....*ILBU GADZEVUPO*
 Date.....*30/01/19*

Managing Director.....*[Signature]*
 Name.....*SAMUEL BOAKYE-APPIAH*
 Date.....*30/01/19*