Electricity Company of Ghana Limited

Annual Report &
Audited Accounts

2008

ELECTRICITY COMPANY OF GHANA LIMITED

Annual Report
& Audited Accounts 2008

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Our Vision / Mission & Values Statements

Vision Statement:

To be among the leading electricity distribution companies in Africa in terms of quality, safety and reliability.

Mission Statement:

To provide quality electricity services to support economic growth and development in Ghana.

Values Statement

ECG is committed to:

- Quality service delivery
- Teamwork
- Safety Consciousness
- Quality, reliable and safe power supply
- Competency and motivation of staff
- Professionalism
- Integrity
- Transparency

2008 Highlights

Number of Staff	-	5,281
Number of Customers	-	1,722,936
Energy Sales (GWh)	-	4,315.81
Purchases (GWh)	-	5,799.4
System Losses	-	25.58%
Sales (GH¢) without Levies	-	598.34 Million
Sales (GH¢) with Levies	-	642.12 Million
Debtor / Sales Ratio	-	130 Days

Network Statistics

Number of Bulk Supply Point (BSPs)	26
Number of 33 / 11 kV Primary Substations	81
Number of Secondary Substations	8,263
33kV Overhead Line	12,033.70 km
33kV Underground cable	281.73 km
Total	12,315.43 km
11kV Overhead Line	13,970.80 km
11kV Underground Cable	1,051.75 km
Total	15,022.55 km
LV Overhead Line	1,450,032.97 km
LV Underground cable	5,010.35 km
Total	1,455,043.32 km

Board of Directors as at December 2008

1.	Dr. Kwaku Afriyie Former Minister and Health Professional	-	Chairman
2.	Mr. Jude Osafo Adu-Amankwah Managing Director	-	Member
3.	Nii Adote Obour II Sempe Mantse	-	Member
4.	Dr. Justina Akyeampong Legal Expert & Board Secretary, GNPC	-	Member
5.	Mr. Stephen Ayensu Ntim Business Executive	-	Member
6.	Mr. Robert Kodom Telecommunications Engineer	-	Member
7.	Mr. Kofi Asamoah Secretary General, TUC	-	Member
8.	Hon. Nana Yaw Ofori Kuragu MP, Bosome-Freho	-	Member
9.	Alhaji Adam Zakaria Principal, Bagabaga College of Education	-	Member
10.	Mr. Michael Opam Energy Economist & Policy Expert	-	Member
11.	Mr. Jake Kofi Ansre Lawyer	-	Secretary to the Board

Board of Directors as at 29th June 2009

1.	Ing. Sqn. Ldr. Clend Sowu (Rtd.) Consultant Engineer Retired Military Officer	-	Chairman
2.	Mr. Cephas Gakpo Managing Director	-	Member
3.	Mr. Bernard Allotey-Jacobs Media Practitioner	-	Member
4.	Barimah Kwame Nkyii XII Omanhene of Assin Apimanim Traditional Area, Tax Expert	-	Member
5.	Dr. Kwaku Osafo Economist / Engineer	-	Member
6.	Mr. Samuel M. Codjoe Lawyer	-	Member
7.	Mr. Anthony Gyampo Educationist	-	Member
8.	Mr. Kwabena Adjei Businessman Communication Professional	-	Member
9.	Hon. Dr. Nii Oakley Quaye-Kumah Member of Parliament for Krowor Constituency Veterinary Surgeon	-	Member
10.	Mr. Jake Kofi Ansre Lawyer	-	Secretary to the Board

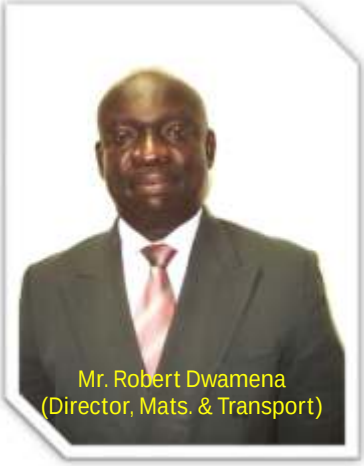
Principal Officers of the Company as at 31st December 2008

Ing. A. T. Barfour
(Director of Operations)

Mr. Jude O. Adu-Amankwah
(Managing Director)

Mr. C. S. Tetteh
(Director of Finance)

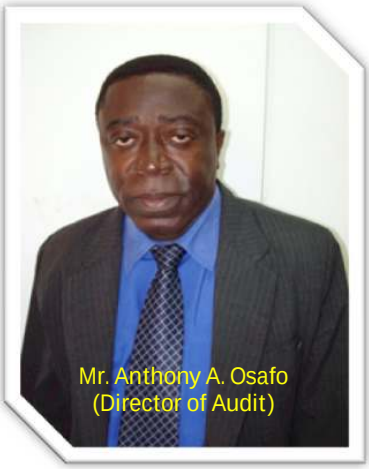
Mr. Jake Kofi Ansre
(Director, Legal Services)


Mr. Robert Dwamena
(Director, Mats. & Transport)

Mr. G. Kyerematen
(Director, Human Resources)

Mr. Cephas Gakpo
(Director of Engineering)

Dr. Nicholas SMART-Yeboah
(Director, Customer Services)


Mr. Anthony A. Osafo
(Director of Audit)

Advisors

Auditors

Asafu-Adjaye & Partners
Chartered Accountants
P. O. Box 15110
Accra North.

State Enterprises Audit Corporation
4th Floor Republic House
P. O. Box M198
Accra.

Principal Bankers

Local
Ghana Commercial Bank
High Street
P. O. Box 134
Accra

Merchant Bank (Gh.) Ltd.

SG SSB Ltd.

Ecobank Gh. Ltd.

Foreign
Ghana International Bank Plc
London

HSBC
New York

The Managing Director's Report

During the year, the company benefited immensely from the significant November, 2007 increase in the Distribution Service Charge (DSC) Component of the tariff.

The increase, enabled the Company to make a modest net profit after tax of about GH¢25.08 million and raise about US$30 million to support critical capital investment projects.

The increase was significant because it followed a period of decline in energy sales and real revenue as a result of the 2006/2007 National Load Management Programme (NLMP).

The 2006/2007 load shedding exercise and the distribution of free compact fluorescent lamps (CFL) led to reduced energy consumption in the face of the shortfall in electricity production.

Board Of Directors

A new Board of Directors under the chairmanship of Ing. Sqn. Ldr. Clend Sowu (Rtd) assumed office in June 2009 to replace the previous Board, which was dissolved in March, 2009.

Economic Environment

The macro economic environment was not as favourable to ECG's operations as was the regulatory environment. The worldwide economic recession (Credit Crunch) affected both the economy of Ghana and ECG's operations. The year saw rapid hikes in crude oil and metal prices which resulted in the high cost of power generation from thermal sources and sharp increases in the cost of materials and equipment required for capital investment projects. Even though commodity prices decreased slightly towards the end of the year, the decreases were not enough to completely reverse the negative impact of escalating prices experienced in the first three quarters.

The Ghana Cedi also depreciated against the major world trading currencies especially the US Dollar, the Euro, and the British Pound. Since most of the inputs for ECG's capital investment projects were imported, prices consequently increased relative to energy sales which were generally denominated in the Ghana Cedi. The cost of investment projects therefore increased by about 20%.

Financial Status

ECG received a total of USD114million from the International Development Agency (IDA), African Development Bank (AFDB), and other multilateral and bilateral development partners to finance the Ghana Energy Development and Access Project (GEDAP). A further financial support of €60million was secured through bilateral arrangements between the Government of Ghana (GOG), on behalf of ECG, the French and the Norwegian governments. The implementation of the GEDAP started in 2008. However, the projects earmarked for support under these arrangements are expected to begin in 2009.

The Government did not release the full allocation it made in the 2008 national budget to support capital investment distribution system projects. The situation therefore compelled ECG to mobilize financial resources internally to support the projects proposed for funding under the GOG budgetary allocation.

The company also made numerous financial commitments in network development projects through Supplier's Credit. As at December 2008, an amount of GH¢171.92million was outstanding. This is expected to be paid over the next four (4) years.

Commercial Operations Performance

At the end of the year, the total customer strength was 1,722,254. This represented an increase of 11.52% over the 2007 figure. Total energy purchased was 5,799.36 GWh compared to 5,145.62GWh in 2007. This shows an increase of 12.7%. The energy growth sales recorded this year was 10.4%. The system losses figure for the year was 25.83% compared to last year's figure of 24.03%. This indicated an increase of 1.55%. The increase was partly due to the significant extension of public lighting which accounted for about 2.4% of energy purchases. It is expected that in 2009 a quantitative analysis study will be conducted to determine street lighting energy consumption to facilitate the accuracy of the system losses. It is anticipated that the successful implementation of the planned system loss reduction exercise will enable the company to achieve its annual target of 1% loss reduction for the years ahead.

Total revenue for the year amounted to GH¢573.14million. Though this fell below the target for 2008, it was an improvement over the 2007 figure of GH¢321.59million. Debtor/sales ratio, an expression of customer debt in days of billing however improved from 162 days in 2007 to 130 days this year.

Network Operations & Capital Investments

In 2008, engineering and network operations focused on the following:

- Reduction in the high level of system losses (both technical and non-technical) by 1%;
- Improvement in response time to outages and the reduction of the average network downtime to less than 100 hours per customer per year. This target was to be achieved through the provision of redundancies in the sub transmission network;
- Improvement in the supply of voltages to achieve the range of 230+ 10% in all operational areas.
- Continuation of the automation of network operations to improve data transfer and decrease response time to network events.

To address the above issues, three broad projects were initiated with funding from IDA, AfDB and other development partners, the Government of Ghana, ECG and suppliers. These broad projects were:

- Supply reliability and availability interventions aimed at addressing capacity constraints. They included the construction of Bulk Supply Points, (BSP's) primary substations, switching stations and sub-transmission and distribution lines to ensure that sufficient flexibility and redundancies were provided.
- System losses reduction and voltage improvement. These included shunt capacitator compensation at primary substations, the implementation of High Voltage Distribution System (HVDS) the conversion of existing 11kV feeders to 33kV, re-insulation of coastal 33kV and 11kV lines and others.

- Technology application. These were to address data transfer and workflow challenges to improve response time to faults and modernize operations. They included the installation of Supervisory Control and Data Acquisition (SCADA) equipment, the extension of the WAN and then LAN to all District Offices and Customer Service Centres (DEGIS) and the establishment of a Customer Call Centre to address customer complaints.

Another important area of attention was rural electrification. ECG's commitment to the Government's Self Help Electrification Programme (SHEP V) was demonstrated through its support for the JICA V, China International Water and Electric Contract and the Ghana-Togo border Towns Electrification Project.

Through these capital investment projects, the company's network assets grew by about 25.4% to a value of GH¢1,171,197,552. System outages also reduced form 111.96 hours per customer per year in 2007 to 84.8 hours per customer per year at the end of 2008. This exceeded the target of 100 hours per customer for the year.

Human Resource Capacity

ECG's staff strength at the end of the year was 5,281. This represented an increase of 6.07% over the last year's figure of 4,929. Four Hundred and Thirty Two (432) new appointments were made and staff attrition for the period was 181. Two (2) women were appointed to managerial positions.

During the year, Messrs Smart-Yeboah, Ansre and Dwamena were appointed Directors of Customer Services, Legal Services and Materials and Transport Services respectively.

The annual Best Worker Award, once again, served as a platform for conferring honors on deserving staff whose performances were adjudged by their peers and supervisors as exceptional.
The industrial atmosphere was peaceful throughout the year.

Focus For 2009

The focus of the company's operations in 2009 would centre on the following eight (8) objectives:

- Continue with the major network expansion and refurbishment activities to improve supply access and reliability as well as reduce technical losses.
- Expand the services of the Call Centre to all Regions served by ECG.
- Accelerate the deployment of prepayment metering to all operational areas.
- Ensure the effective management of the regional and District Offices by Oversight Directors
- Motivate staff through promotions, training and development and an improved reward system
- Reduce commercial losses through the aggressive monitoring of customer metering facilities etc.

- Modernize ECG operations by intensifying the use of ICT and network automation applications and gradually effect "e-governance" throughout the company
- Achieve a modest 5% return on average net fixed assets for 2009 through improved revenue collection, system loss reduction and operational expenditure control.

Conclusion

I wish to thank the Chairman and the Board of Directors, Management, Staff, the identifiable bodies and all the other stakeholders for their support throughout the year. I also salute our cherished customers for their patronage. ECG assures all stakeholders and customers of improved service in 2009.

Below are the details of our operational and financial reports for 2008.

Cephas Gakpo
Managing Director

A New Transformer to Meet Growing Demand

Constant Load Monitoring for Quality and safe Supply

1.0 Engineering & Operations

1.0 Operational Performance

The distribution network was generally stable and reliable compared to its performance in 2007. An average customer lost hours of 8.96 hours per customer per quarter was recorded as against 9.33 for 2007. The technical losses component of the system losses also deceased from about 12% to 10.5%. This improvement was largely due to the numerous capital investment projects which were completed and/or initiated within the year.

The non co-incidental peak demand was 927.53MW. This represents a 10.16% increase over the previous year's figure of 841.99MW. The continuous increase in demand required that ECG expanded its network capacity.

The total number of reported cases of industrial accidents for the year was twenty four (24). Out of this number, twelve (12) were fatal. Eleven (11) of the fatalities involved non-members of staff while the remaining one was an employee of the Accra West Region.

2.0 Capital Investment Projects

2.1 Completed Projects

The following capital investment projects were completed during the year:

- Rehabilitation of Station 'B' and Kpong in Tema; Stations 'A', 'B', 'D', and 'E' in Accra;
- Upgrade of 2x10MVA power transformers to 2x20MVA at Station 'C' in Kumasi, and Station 'Q', Teshie -Nungua.
- Upgrade of 2x15MVA transformer to 2x20MVA at Station 'K' in Accra.
- Replacement of switchgear at Stations 'A' and 'E' in Kumasi;
- Injection of about 1500 distribution transformers across all operational areas;
- Installation of secondary automation equipment in Ashanti-East and West Regions;
- Establishment of a Customer Call Centre to address customer complaints;
- Extension of ECG's Wide Area Network (WAN) and Local Area Network (LAN) to cover all Regional and District Offices in ECG's operational area. Further extensions were made to several third party vending stations;

2.2 Ongoing Projects

2.3 Ghana Energy Development & Access Project (GEDAP)

The Ghana Energy Development & Access Project (GEDAP) took off fully in 2008 with procurement activities. The supply only components included the supply of distribution materials (transformers, cables and conductors, and their accessories, etc), network construction equipment, office equipment, project vehicles and service trucks. This phase was about 80% completed in the year.

The works component which included the construction of one (1) BSP, eight (8) primary substations, 15 Customer Service Centres, 4 District offices, the implementation of HVDS and the installation of SCADA equipment was at the procurement stage by the end of the year.

2.4 Government of Ghana (GOG) Budgetary Support

ECG received only USD27.9 million out of the USD65 million GOG budgetary allocation to initiate the following network expansion projects:

- Construction of a third BSP at Ajirigano (Accra) and 2No. 33/11kV primary substations at Adabraka and La;
- Construction of 9no. switching stations at Dodowa, Akuse Junction, Jasikan, Bogoso, Bawdie, Dunkwa, Winneba, Ejisu and Kuntunase;
- Conversion of 11kV feeders to 33kV in Eastern & Central Regions (i.e. Tafo-Anyinam, Afo-Suhum, Oseim-Begoro, Cape Coast-Elmina, Saltpond-Mankesim, and Winneba-Swedru);
- Re-insulation of Coastal 33kV and 11kV Overhead lines with polymeric insulators;
- Upgrade of 33kV I/D & O/D Switchgear, Provision of 33kV Switchyard and Steel Tower Works in Takoradi;
- Reinforcement and upgrade of existing 33kV Double Circuit Tower Lines in Accra.

Contracts for the above mentioned works were awarded and mobilization fees were paid during the year. It is expected that actual construction works will commence in 2009.

2.5 ECG Financed Investment Projects

The improved Distribution Service Charge (DSC) component of the tariff enabled ECG to mobilise about USD30 million internally to finance some subtransmission and distribution projects. They included the following works:

- Rehabilitation of Stations 'P' (Weija), 'Q' (Teshie-Nungua) in Accra and 'E' (Suame) in Kumasi;
- Construction of a total of about 60cct km of 33kV circuits in Accra, Tema and Kumasi to expand the capacity of some subtransmission lines;
- Installation of shunt capacitor banks at selected primary substations in Tema, Takoradi and Kumasi; and
- Injection of about 500 distribution substations across ECG operational area;

2.6 Rural Electrification Projects

ECG provided managerial and technical support to the West African Power Pool towards the implementation of the Ghana - Togo Cross Border Electrification Project.

2.6.1 Extension of ECG Financed Investment Projects

The project covered the extension of electricity supply to some Togolese Communities which share border with Ghana. The total project cost was Euro 3.6 million. The EU financed 41%, and the remaining 59% was jointly financed by ECG and CEB/CEET of Togo in a ratio proportional to the cost of the network on either side of the border. During the year, the Project Implementation Unit (PIU) made up of ECG and CEB/CEET floated bids for the execution of the project.

2.6.2 Electrification under SHEP IV – CWE Contract

The Government of Ghana (GOG) signed a US$90 million contract with China International Water & Electric Corporation (CWE) for the electrification of over 570 townships in six (6) Regions across 24 districts.

The Works were undertaken simultaneously in several districts covering 480 townships under the supervision of ECG. Fifty percent (50%) of the project was completed in the year.

2.6.3 JICA V Project

JICA provided financial support for the electrification of 33 and 15 towns in the West Akim and the Upper Denkyira districts respectively. HV and LV works were completed in the West Akim District. Works are also ongoing in the Upper Denkyira district.

3.0 Civil Works

ECG undertook a number of major and minor civil works during the year. The details are below:

One hundred and thirty-three (133) minor civil works involving the fencing and the renovation of substations were completed. The major projects completed included:

- The construction of three (3) District Offices in Ashanti East, Central, and Accra West regions;
- The construction of a Block of nine flats for Electrical Engineers at community 3 in Tema; and
- The conversion of the first floor of Ring Road Stores into Offices

In addition to the completed jobs, a number of other civil works projects were still in progress. Prominent among them are the GEDAP financed 4No. District offices, the 15No. Customer Service Centres and the ECG financed four-storey office Block located at the Projects Office.

ECG Customer Call Centre

2.0 Customer Services

2.1 Energy Purchases

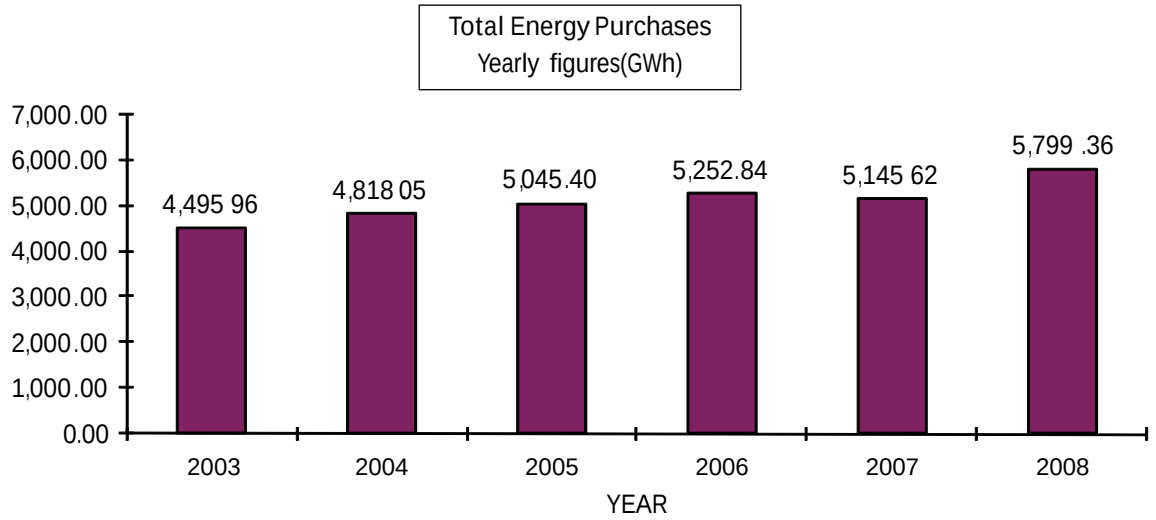
Energy purchases from the Volta River Authority (VRA) increased by 12.7% from 5,145 GWh in 2007 to 5,799.4 GWh in 2008. The table below shows energy purchases by the BSPs.

Table 2.1: ECG's Energy Purchases for 2008

Bulk Supply Point (BSP)	Units (kWh)	GH(¢)
Achimota	1,746,477,967.00	120,856,275.32
Aflao	25,520,200.00	1,765,997.84
Akwatia	72,075,961.48	4,987,656.53
Akyempim	91,000.00	6,297.20
Asawinso	156,917,575.00	10,858,696.19
Asiekpe	1,451,567.13	100,448.45
Akuse	600,294.00	41,540.34
Bogosu	18,223,510.03	1,261,066.89
Cape Coast	159,429,732.00	11,032,537.45
Dunkwa	11,895,106.00	823,141.34
Esiama	35,198,358.00	2,435,726.37
Ho	25,516,145.14	1,765,717.24
Konongo	25,899,678.00	1,792,257.72
Kpandu	41,534,256.64	2,874,170.56
Kpong	124,146,530.00	8,590,939.88
Kpeve	18,216,404.72	1,260,575.21
Kumasi	837,443,890.00	57,951,117.19
Mallam	611,790,470.00	42,335,900.52
New Tema & Diesel	758,903,340.00	52,516,111.13
Nkawkaw	57,129,736.00	3,953,377.73
Obuasi	63,397,881.00	4,387,133.37
Sogakope	48,578,732.00	3,361,648.25
Takoradi	300,857,027.00	20,819,306.27
Tarkwa	296,447,811.55	20,514,188.56
Tafo	108,545,830.00	7,511,371.44
Winneba	66,680,224.00	4,614,271.50
Tema Reserve Power Plant	145,037,328.40	10,036,583.13
IPPs	41,356,150.00	2,834,124.38
TOTAL	5,799,362,705.09	401,288,177.99

Table 2.2 - Purchases from VRA & IPPs in Units (GWh) from 2003 to 2008

YEAR	2003	2004	2005	2006	2007	2008
Total Purchases	4,495.96	4,818.05	5,045.40	5,252.84	5,145.62	5,799.36
Annual Increase		7.16%	4.72%	4.11%	-2.04%	12.70%



summary and some analysis of energy sales.

2.2 Energy Sales

Table 2.3: Sales by Category

Category	Units (kWh)	GH¢
SLT	1,501,157,840.17	228,928,928.49
NSLT	2,254,936,617.00	319,142,151.23
PREPAYMENT	559,713,299.95	94,046,533.20
TOTAL	4,315,807,757.12	642,117,612.92

Table 2.4: Sales in Units (2003-2008)

	2003	2004	2005	2006	2007	2008
SLT (GWh)	1,268.40	1,351.29	1,403.62	1,390.09	1,351.25	1,501.16
Annual Increase (%)		6.54	3.87	-0.96	-2.79	11.09
Non SLT (GWh)	1,889.82	1,943.36	2,075.93	2,257.16	2,170.22	2,254.94
Annual Increase in (%)		2.83	6.82	8.73	-3.85	3.90
Prepayment (GWh)	184.66	244.75	282.48	331.16	387.62	559.71
Annual Increase (%)		32.54	15.42	17.23	17.05	44.40
All Customers (GWh)	3,342.87	3,539.40	3,762.03	3,978.41	3,909.09	4,315.81
Annual Increase (%)		5.88	6.29	5.75	-1.74	10.40

Table 2.5: Sales in Cash (2003- 2008)

	2003	2004	2005	2006	2007	2008
SLT	90,252,544.09	99,769,323.87	106,495,582.27	107,518,883.98	129,953,696.71	228,928,928.49
Annual Increase (%)		10.54	6.74	0.96	20.87	76.16
Non SLT	136,169,192.77	152,180,302.45	163,212,168.30	172,914,047.15	203,345,069.98	319,142,151.23
Annual Increase in (%)		11.76	7.25	5.94	17.60	56.95
Prepayment	16,561,388.78	22,702,403.88	26,482,951.87	30,846,246.36	43,537,904.39	94,046,533.20
Annual Increase (%)		37.08	16.65	16.48	41.14	116.01
Temporary ss & LCU	389,496.41	0.00	198,976.03	759.05	0.00	0.00
Total	243,372,622.05	274,652,030.20	296,389,678.48	311,279,936.54	376,836,671.07	642,117,612.92
Annual Increase (%)		12.85	7.91	5.02	21.06	70.40

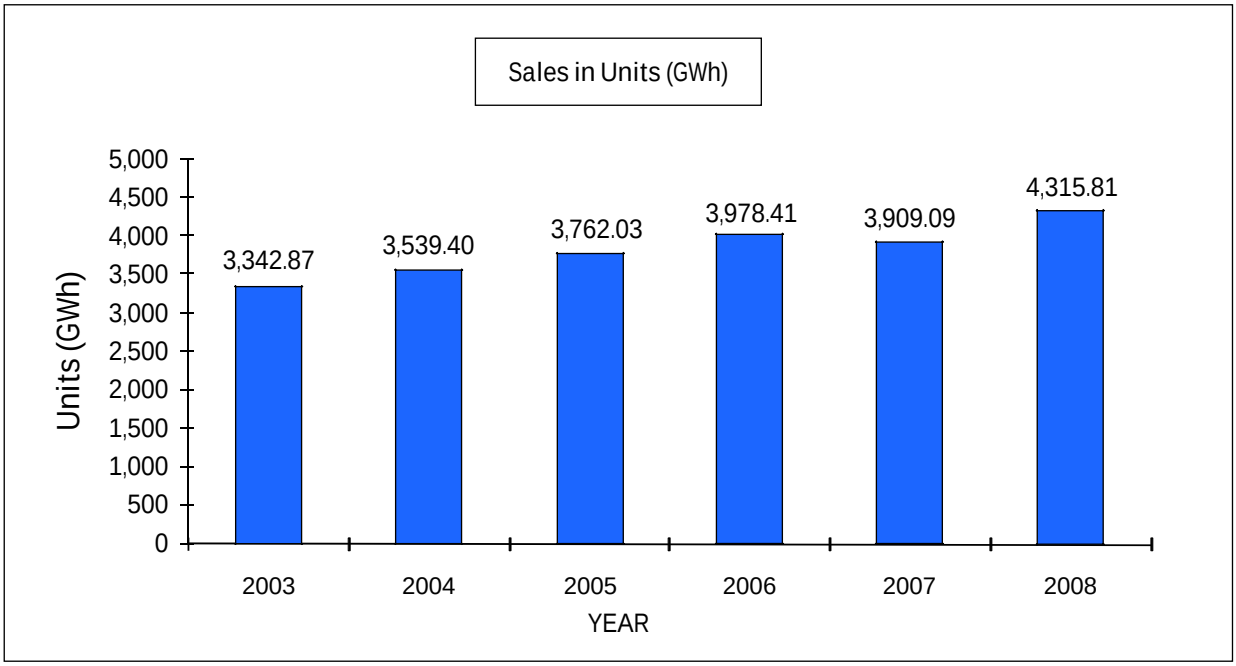


Table 2.6: Average Consumption per Customer Class per Year

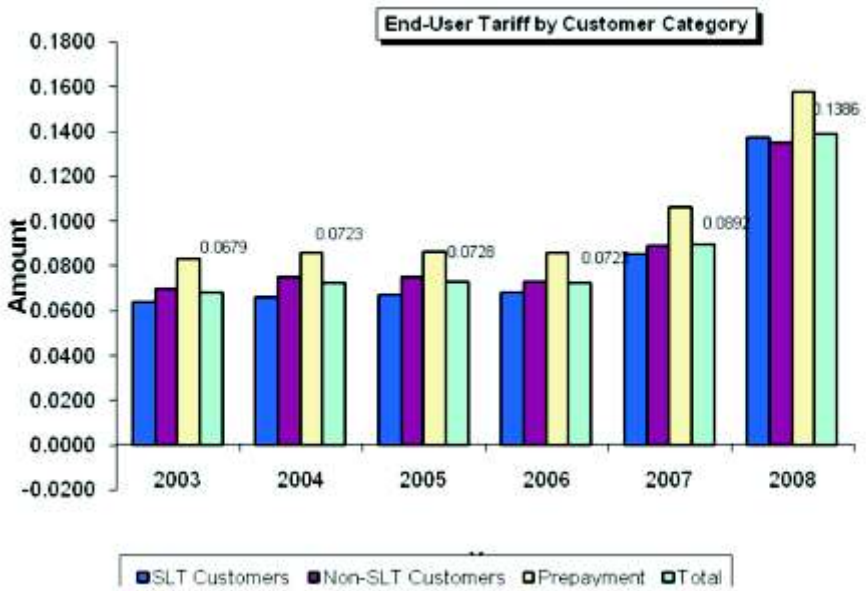
		2003	2004	2005	2006	2007	2008
SLT Customers	Active	505	514	535	575	572	657
	GWh	1,268.397	1,351.294	1,403.618	1,390.094	1,351.254	1,501.158
	GH¢	90,252,544.09	99,769,323.87	106,495,582.27	107,518,883.98	129,953,696.71	228,928,928.08
Avrg. Consumption	kWh/Cust	2,511,677.28	2,628,977.40	2,623,585.19	2,417,554.84	2,362,331.79	2,284,867.34
Non-SLT Customers	Active No	785,739	863,338	914,246	948,268	967,910	954,581
	GWh	1,889.819	1,943.361	2,075.935	2,257.164	2,170.217	2,254.937
	GH¢	136,169,192.77	152,180,302.45	163,212,168.30	172,914,047.15	203,345,069.98	319,186,901.86
Avrg. Concumption	kWh/Cust	2,405.15	2,250.98	2,270.65	2,380.30	2,242.17	2,362.23
Prepayment	Active No	72,675	84,748	104,735	134,769	206,468	323,532
	GWh	184.656	244.746	282.478	331.157	387.623	559.713
	GH¢	16,561,388.78	22,702,403.88	26,482,951.87	30,846,246.36	43,537,904.39	94,046,533.20
Avrg. Consumption	kWh/Cust	2,540.85	2,887.93	2,697.07	2,457.22	1,877.40	1,730.01
Temp. Supply & LCU	Active No						
	GWh	0.000	0.000	0.000	0.000	0.000	0.000
	GH¢	389,496.41	0.00	198,976.03	759.05	0.00	0.00
Avrg. Consumption	kWh/Cust	-	-	-	-	-	-
Total	Active No	858,919	948,600	1,019,516	1,083,612	1,174,950	1,278,770
	GWh	3,342.87	3,539.40	3,762.03	3,978.41	3,909.09	4,315.81
	GH¢	243,372,622	274,652,030	296,389,678	311,279,937	376,836,671	642,117,613
Avrg. Consumption	kWh/Cust	3,891.95	3,731.18	3,690.02	3,671.44	3,327.03	3,374.97

2.3 Average End-User-Tariff (EUT)

The average End-User-Tariff (EUT) achieved in 2008 was GH¢0.1386/kWh. GH¢0.0892/ kWh was achieved for 2007. The PURC approved tariffs for the respective periods were GH¢0.1277/kWh and GH¢0.0892/ kWh. The details are shown in the table below:

Table 2.7: End-User-Tariff (Sales without Levies)

Category		2003	2004	2005	2006	2007	2008
SLT Customers	kWh	1,268,397,028	1,351,294,384	1,403,618,075	1,390,094,034	1,351,253,784	1,501,157,840
	GH¢	80,759,926	88,999,227	93,917,360	94,546,665	115,223,248	206,022,632
End-User Tariff	GH¢/kWh	0.0637	0.0659	0.0669	0.0680	0.0853	0.1372
Non-SLT Customers	kWh	1,889,818,680	1,943,360,641	2,075,934,661	2,257,163,660	2,170,217,058	2,254,936,617
	GH¢	130,985,627	145,831,794	155,572,932	164,681,764	192,440,990	304,262,320
End-User Tariff	GH¢/kWh	0.0693	0.0750	0.0749	0.0730	0.0887	0.1349
Prepayment	kWh	184,656,328	244,746,139	282,477,650	331,156,875	387,622,818	559,713,300
	GH¢	15,299,190	20,985,122	24,345,221	28,435,725	41,004,731	88,056,506
End-User Tariff	GH¢/kWh	0.0829	0.0857	0.0862	0.0859	0.1058	0.1573
TOTAL	kWh	3,342,872,036	3,539,401,164	3,762,030,386	3,978,414,569	3,909,093,660	4,315,807,757
	GH¢	227,044,743	255,816,143	273,835,514	287,664,155	348,668,969	598,341,458
Total End-User Tariff	GH¢/kWh	0.0679	0.0723	0.0728	0.0723	0.0892	0.1386

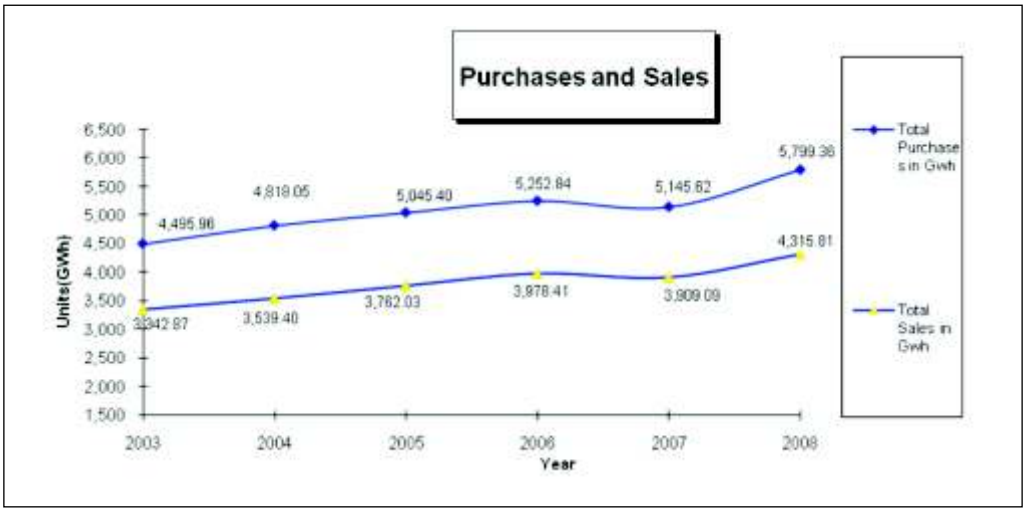


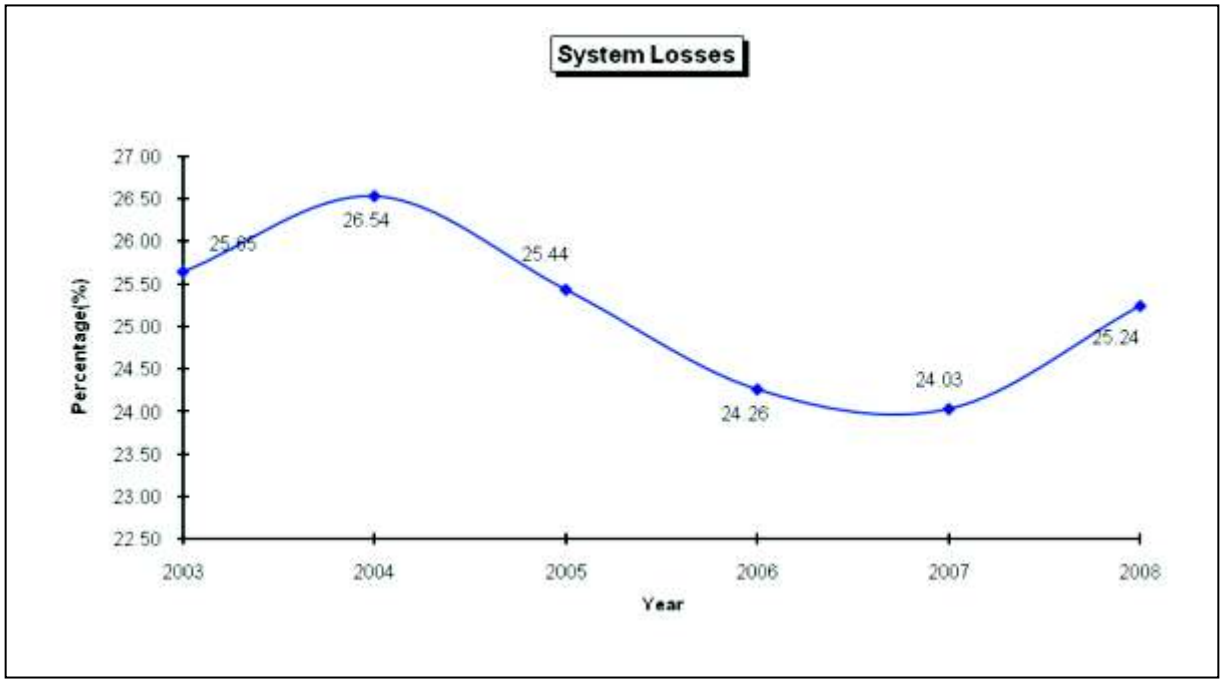
2.4 System Losses

The system losses figure recorded for the year was 25.58% as against 24.03% in 2007. This represents an increase of 1.55%. Table 2.8 shows the system losses figures for 2003-2008.

Table 2.8: System Losses (2003-2008)

	2003	2004	2005	2005	2006	2007	2008
Total Purchases in GWh	4,495.96	4,818.05	5,045.40	5,045.40	5,252.84	5,145.62	5,799.36
Annual Increasein (%)		7.16	4.72	4.72	4.11	-2.04	12.70
Total Sales in GWh	3,342.87	3,539.40	3,762.03	3,762.03	3,978.41	3,909.09	4,315.81
Annual Increase (%)		5.88	6.29	6.29	5.75	-1.74	10.40
System Losses (%)	25.65	26.54	25.44	25.44	24.26	24.03	25.58





2.5 Revenue Collection

Total revenue collected in 2008 amounted to GH¢573.14 million. The corresponding Revenue/Sales Ratio was 89.3% compared to 85.3% for 2007. Tables 2.9 & 2.10 show the details.

Table 2.9: Revenue Collection by Sales Category

Year 2008		Private NSLT	Private NSLT	Prepayment	GWCL	MDA	Dollar Account	Total
Sales(Units)	GWh)	1,145.44	2,097.21	559.71	172.06	244.97	96.81	4,315.81
	%	26.5	48.6	13.0	4.0	5.7	2.2	100.0
Sales(¢)	GH¢	165,283,559	293,459,853	94,046,533	27,708,836	46,069,770	13,861,806	642,117,613
	%	25.8	45.8	14.7	4.3	7.2	2.2	100
Revenue Collection	GH¢	155,374,082	273,600,637	85,411,217	16,690,000	33,380,709	8,686,609	573,143,255
	%	27.1	47.7	14.9	2.9	5.8	1.5	100.0
Revenue/ Sales Ratio	%	94.0	93.2	90.8	60.2	72.5	62.7	89.5

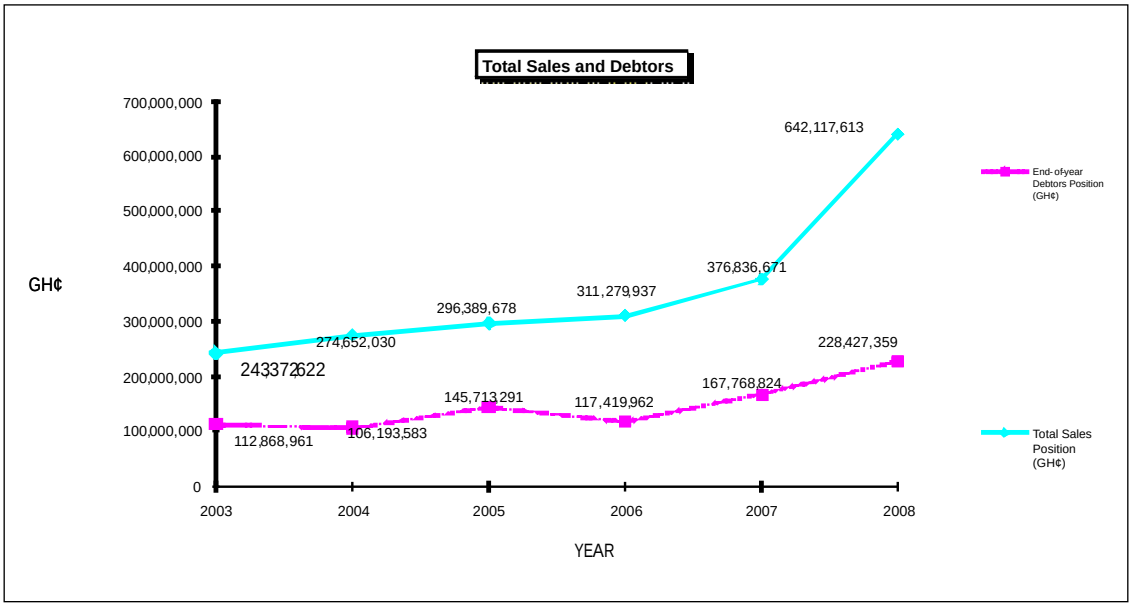
Table 2.10: Revenue/Sales Ratio (2003-2008)

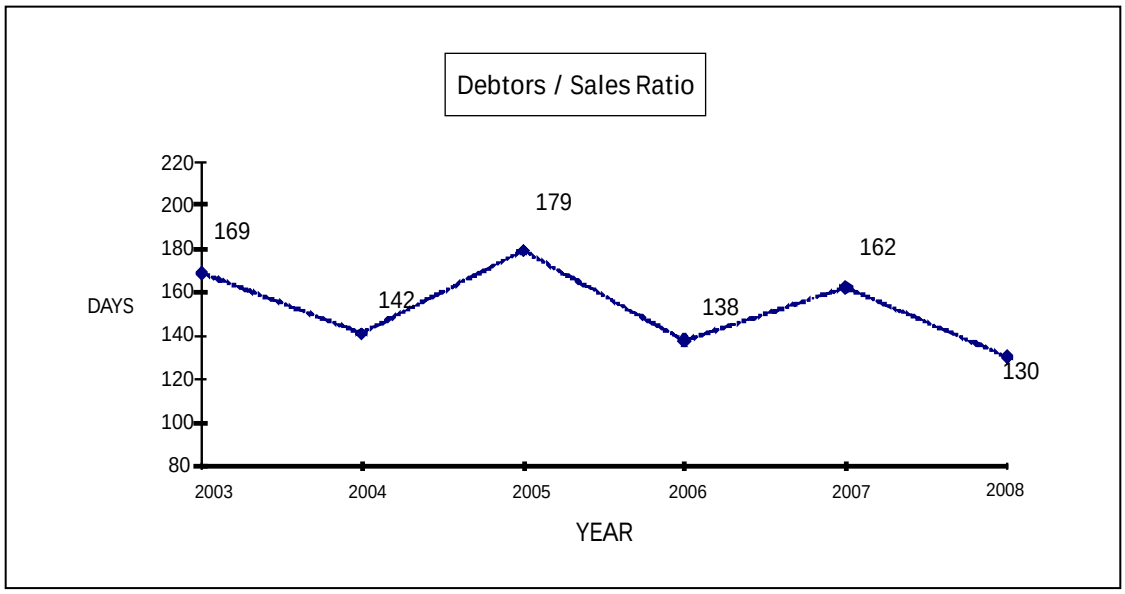
	2003	2004	2005	2006	2007	2008
Sales with levies	243,372,622	274,652,030	296,389,678	311,279,937	376,836,671	642,117,613
Annual Increase (%)		12.9	7.9	5.0	21.1	70.0
Revenue Collection	211,336,726	273,755,335	254,223,324	338,668,920	321,591,110	573,143,255
Annual Increase (%)		29.5	-7.1	33.2	-5.0	78.2
Revenue/Sales Ratio (%)	86.8	99.7	85.8	108.8	85.3	89.3

The low revenue/sales ratio recorded this year was partly because only the first quarter's payments of MDAs were received.

Table 2.11: Debtor/Sales ratio in days (2003-2008)

Sales and Debtors Position	2003	2004	2005	2006	2007	2008
Total Sales Position (GH¢)	243,372,622	274,652,030	296,389,678	311,279,937	376,836,671	642,117,613
Annual Increase (%)	0.0	12.9	7.9	5.0	21.1	70.4
End-of-year Debtors Position (GH¢)	112,868,961	106,193,583	145,713,291	117,419,962	167,768,824	228,427,359
Annual Increase (%)	40.51	-5.91	37.21	-19.42	42.88	36.16
Debtors / Sales Ratio (%)	169	142	179	138	162	130



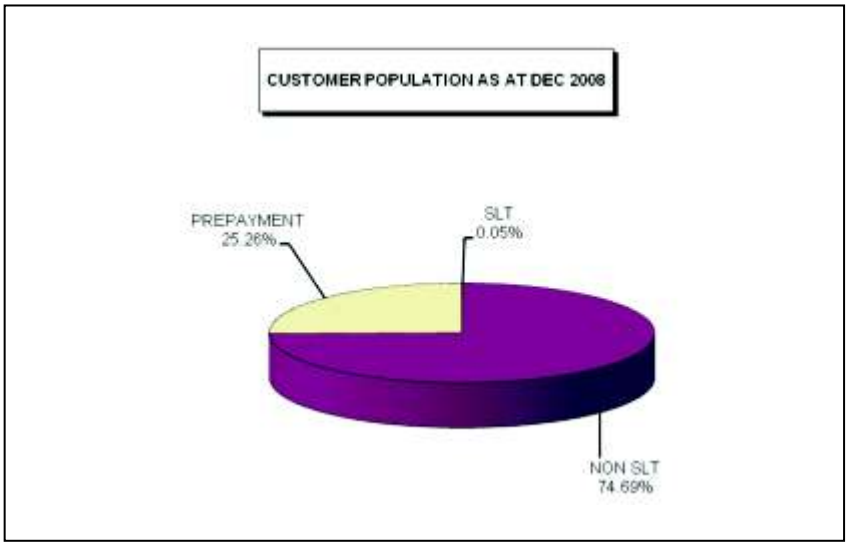


2.6 Customer Population

Total customer population as at December 31, 2008 was 1,722,936 compared to a figure of 1,544,948 in 2007. The 2008 figure was made up of 1,126 SLT Customers, 1,398,278 Non-SLT Customers and 323,532 Prepaid Customers. Table 2.12 depicts customer population by category as at the end of 2008.

Table 2.12: Customer Population by Category as at end of December 2008

Category	Active	Inactive	Total
Slt	657	469	1,126
Non SLT	954,581	443,697	1,398,278
Prepayment	322,841		323,532
Total	1,278,079	444,166	1,722,936



2.7 ECG Customer Call Centre

ECG established a 10 – seater Customer Call Centre which started operations in October, 2008. The centre is operational in Accra East, Accra West and Tema Regions. It serves a customer base of 350,000 and addresses 80% of calls within 20 seconds. The contact line is 021 611611.

3.0 Human Resources

3.1 Staffing

Staff strength at the end of the year was 5,281. This represented an increase of 6.04% over the 2007 figure of 4929. Four Hundred and Thirty Two (432) new appointments were made while 181 members of staff left the service of the company. Two (2) women were appointed to managerial positions.

The total ECG labour force comprised 4246 male and 1035 female i.e. 90.4% and 19.6% respectively. The ratio of female to male staff at the end of the year was 1:4.1.

The labour turn-over for the period was 3.53%. The employee-customer ratio over the year under review was 1:325. The table below illustrates the distribution of staff by category:

Table 3.1: Distribution of ECG Staff By Category

Category	2008	2007
Directors	9	9
Other Management Staff	158	157
Electrical Engineers	106	112
Technician Engineers	494	476
Works Superintendent	48	45
Human Resource Officers	32	32
Accounts & Audit Officers	212	213
Other Senior Staff	270	253
Junior (Technical)	1,658	1,466
Junior (Non-Technical)	1,765	1,684
Gen. Workers & Security Staff	529	533
Total	5,281	4,980

3.2 Training & Development

A total of 2,020 employees participated in 113 local and foreign staff training and development programmes. The details are summarized in table 3.2.

Table 3.2: Summary of Training Programs Organised for ECG Staff in 2008

TYPE OF TRAINING	MANAGEMENT STAFF		SENIOR STAFF		JUNIOR STAFF	
	No.	(%)	No.	(%)	No.	(%)
1. Foreign Programmes	35	25%	104	74%	1	1%
2. In-Plant Programmes	50	3%	773	49%	742	48%
3. Open Programmes	52	58%	37	42%	-	-
4. Staff Facilitated Programmes	32	9%	254	69%	80	22%

Overall National and Regional Best Worker Award Winners

4.0 Logistics

The Materials and Transport Directorate provides logistical support for the operations of the Company. The Directorate's activities include procurement, storage and distribution of materials, and control of ECG's fleet of operational vehicles.

4.1 Materials Management

Foreign orders of materials valued at GH¢39.81m were placed in 2008 compared to GH¢18.29m in 2007. Local purchases amounted to GH¢53.14m as against GH¢23.14m in 2007.

The total material stock holding at the end of the year was GH¢78.5m. This mainly comprised materials received for project implementation and other operations.

4.2 Transport Services

The Company's fleet of vehicles at the end of the year was one thousand, one hundred and fifty eight (1,158). This comprised 1043 vehicles and 115 motorbikes.

5.0 Financial Reports

ECG made a modest net profit after tax of GH¢25.08 million for the financial year ended December 31, 2008 as against a net loss of GH¢8.66million in 2007. The tables below provide details of ECG's audited accounts for the year ended December 31, 2008.

		2008 (GH¢'000)	2007 (GH¢'000)
a.	Interest on long term loans	5,089	4,825
b.	Exchange fluctuation	19,748	3,556
c.	Depreciation	77,161	58,876

SALES

The total sale of electricity in 2008 amounted to GH¢ 598,445,392 as against Gh¢ 348,689,168 in 2007. The increase was due to tariff increase granted by PURC in November, 2007. Actual units of electricity sold in 2008 were 4,315.81 Gwh.

Direct Operating Cost and General Expenses

	2008 (GH¢'000)	2007 (GH¢'000)
Purchased Power	405,490,620	261,330,614
Generation and Standby	-	-
Distribution/Operation & Maintenance	13,992,579	-
TOTAL	419,483,199	261,330,614

Financial Statements for Ten Years Ending 31st December, 2008

HEADERS	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Electricity Sales	539,998,798	544,943,435	1,008,833,774	1,551,423	2,270,744	2,550,687	2,730,755	2,874,786	348,689,168	598,445,392
Operating Expenses (Excluding Depreciation)	94,629,635	131,467,608	156,726,247	464,363	247,367	238,525	416,003	384,353	59,001,362	65,688,735
Depreciation	32,627,919	46,187,793	55,150,865	340,654	363,419	383,396	406,603	579,622	58,875,796	77,161,356
Operating Profit/Loss	17,365,259	(7,583,807)	152,973,046	(451,974)	(483,609)	(269,686)	(305,425)	(475,200)	(48,836,581)	11,598,017
Loan Interest	(23,721,779)	(61,938,552)	70,503,300	84,039	88,473	48,554	(47,338)	(49,4290)	4,824,747	5,089,945
Amortization of Exch. Fluctuation Debt	(72,289,518)	(424,387,887)	(67,658,002)	251,572	166,186	32,013	54,924	(65,306)	(3,556,391)	(19,748,251)
Other Income	27,511,963	51,868,939	57,161,539	71,512	153,633	86,042	66,773	440,907	40,178,865	21,844,919
Net Profit/(Loss)	(59,099,145)	(387,987,345)	110,142,184	(380,462)	(328,976)	(183,644)	(238,652)	(34,293)	(8,657,716)	25,082,202
Fixed AssetsCost/Val)Net	489,562,023	701,546,876	924,884,805	4,689,954	4,983,088	5,398,209	5,587,337	7,701,994	807,944,304	1,036,283,296
Capital Work-in-Progress	190,415,131	311,023,597	245,816,355	180,504	222,646	292,613	359,125	884,346	126,042,172	134,914,156
Current Assets	462,573,948	584,966,873	877,947,155	1,308,011	1,778,290	1,943,211	2,366,908	2,387,679	284,872,057	468,040,788
Electricity Debtors	262,791,286	344,593,506	560,846,102	729,415	1,024,922	943,206	1,285,032	1,068,263	155,954,367	204,773,736
Current Liabilities	490,097,747	728,018,448	999,232,577	1,400700	1,653,138	1,197,485	1,929,477	1,729,538	208,105,885	251,206,411
Trade Creditors	6,637,705	12,913,481	2,289,983	32,299	93,980	123,720	105,619	107,059	15,437,067	21,204,278
Capital	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	5,000	5,000
Capital Surplus Account	221,998,517	308,099,900	354,085,404	4,048,938	4,301,906	4,655,044	4,778,445	6,918,047	723,236,298	932,329,794
Income Surplus Account	(112,523,021)	470,047,410	331,267	564,446	212,774	444,500	404,600	758,587	97,335,830	161,265,107
Long Term Loans	353,065,855	752,685,280	744,521,031	923,704	574,666	656,296	511,701	639,322	52,389,150	71,688,505

Report of the Directors

The directors have the pleasure in presenting the financial statements of the Company for the year ended 31st December, 2008 and report as follows:

(a) Nature of Business

The company is authorised to carry on the following business:

i. To purchase, takeover 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.

(b) Results of operations and dividend

The operations for the year resulted in a net profit of GH¢25,082,202 after tax. Directors, however, do not propose dividend for the year in veiw of high net losses in previous years.

(c) Ownership

The company is wholly owned by the Government of Ghana.

BY ORDER OF THE BOARD

CHAIRMAN

MANAGING DIRECTOR

Date 8th October, 2009

Statement of Directors' Responsibilities

The Companies Code, 1963 (Act 179) requires the Directors to prepare, for each year, financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and its profit or loss for that year.

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy, at any time the financial position of the company and enable them ensure that the financial statements comply with the Companies Code, 1963 (Act 179). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The above statement which should be read in conjunction with the statement of the Auditors' responsibilities set out on page 4 is made with the view to distinguishing for the shareholders, the respective responsibilities of the Directors and Auditors in relation to the financial statements.

Report of the Independent Auditors

TO THE MEMBERS OF ELECTRICITY COMPANY OF GHANA LIMITED FOR THE YEAR ENDED 31ST DECEMBER, 2008

We have audited the accompanying financial statements of Electricity Company of Ghana Limited for the year ended December 31, 2008, set out on pages 6 to 23, which have been prepared on the basis of the significant accounting policies on pages 9 to 10 and other explanatory notes on pages 11 to 23.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Code, 1963 (Act 179).

This responsibility includes designing, implementing and maintaining the internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Company has kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies Code, 1963 (Act 179). The financial statements give a true and fair view of the financial position of Electricity Company of Ghana Limited as at December 31, 2008, and of its financial performance and cash flows for the year then ended. The financial statements have been drawn up in accordance with the Statement of Accounting Standards issued by the Institute of Chartered Accountants (Ghana).

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State Enterprises Audit Corporation

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Asafu-Adjaye & Partners

Table 5.2: Profit & Loss Account for the Year Ended 31st December 2008

	NOTES	2008 GH¢	2007 GH¢
REVENUE			
Sale of Electricity		598,445,392	348,689,168
Public Lighting Levy		324,111	223,796
		598,769,503	348,912,964
DEDUCT: Direct Costs	2	(419,483,199)	(271,491,276)
Gross Profit		179,286,304	77,421,688
LESS: Operating, General and Administrative Expenses	3	(142,850,091)	(117,877,131)
OPERATING PROFIT / (LOSS) BEFORE FOREIGN EXCHANGE TRANSLATION LOSS AND LOAN INTEREST		36,436,213	(40,455,443)
Less:			
Foreign Exchange Translation Loss	4	(19,748,251)	(3,556,391)
Loan Interest	21(c)	(5,089,945)	(4,824,747)
NET OPERATING PROFIT / (LOSS)		11,598,017	(48,836,581)
Other Income	5	21,844,919	40,178,865
Net Profit / (Loss) for the year before tax		33,442,936	(8,657,716)
Provision for Company Tax @ 25%		(8,360,734)	-
Net Profit / (Loss) after tax transferred to Income Surplus Account		25,082,202	(8,657,716)

INCOME SURPLUS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2008		2008 GH¢	2007 GH¢
Balance at 1st January		97,335,830	75,858,700
Transfer from Revaluation Surplus	18	38,847,075	30,134,846
Net Profit / (Loss) for the year transferred from Profit and Loss Account		25,082,202	(8,657,716)
Balance at 31ST DECEMBER		161,265,107	97,335,830

The notes on pages 37 to 48 form an integral part of the Financial Statements.

Table 5.2: Balance Sheet for the Year Ended 31st December 2008

	NOTES	2008	2007
LONG TERM ASSETS		GH¢	GH¢
Property, Plant and Equipment	6	1,171,197,452	933,986,476
Trade Investment	7	100	100
		1,171,197,552	933,986,576
Current Assets			
Stocks	8	135,851,792	67,999,841
Debtors	9	258,033,418	171,411,587
Prepayments	10	8,323,294	2,924,574
Short Term Investments	11	16,358,519	7,845,126
Bank and Cash balances	12	49,473,765	34,690,929
		468,040,788	284,872,057
Current Liabilities			
Provision for Company tax		8,360,734	-
Creditors and Accruals	13	243,457,176	202,351,923
Current Portion of Long Term Loans	21(b)	7,749,235	5,753,960
		(259,567,145)	(208,105,883)
NET CURRENT ASSETS		208,473,643	76,766,174
Total Assets Less Current Liabilities		1,379,671,195	1,010,752,750
Deferred Credit	14	162,337,397	86,692,192
Government Grant	19(a)	44,540,900	43,490,939
Long Term Loans	21(a)	71,688,505	52,389,150
		(278,566,802)	(182,572,281)
		1,101,104,393	828,180,469
Add Deferred Expenditure	15	559,308	460,459
		1,101,663,701	828,640,928
REPRESENTED BY			
Stated Capital	16	5,000	5,000
Government Equity	17	8,063,800	8,063,800
Revaluation Surplus	18	932,329,794	723,236,298
Income Surplus		161,265,107	97,335,830
		1,101,663,701	828,640,928

Director

Director

The notes on pages 37 to 48 form an integral part of the Financial Statements.

Table 5.3: Cash Flow Statement for the Year Ended 31st December 2008

	NOTES	2008 GH¢	2007 GH¢
Operating Activities			
Net cash inflow from operating activities	20(a)	(2,809,142)	44,772,167
Investing Activities			
Interest paid		(20,836)	-
Interest received		3,483,318	1,605,394
Dividend received		-	18,252
Payments to acquire property, plant & equipment and towards capital work in progress		(66,749,729)	(76,824,492)
Proceeds from sale of property, plant & equipment		91,861	169,431
Government/Customer contribution to property, plant & equipment		79,113,893	27,938,312
Deferred expenditure incurred		(98,849)	-
Net cash outflow towards investing activities		15,819,658	(47,093,103)
Financing Activities			
Long term loan drawdown		10,341,276	8,058,291
Long term loan repayments		(55,563)	-
Net financing activities		10,285,713	8,058,291
Increase in cash and cash equivalents in the year		23,296,229	5,737,355
Cash and cash equivalents at 1st January		42,536,055	36,798,700
Cash and cash equivalents at 31st December		65,832,284	42,536,055

The notes on pages 37 to 48 form an integral part of the Financial Statements.

5.1 Notes to Financial Statements for the Year Ended 31st December, 2008

Note 1: Accounting Policies

The significant accounting policies adopted by the Company in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles and have been applied consistently:

a) Basis of Accounting

These financial statements have been prepared under the historical cost convention as modified by the revaluation of property, plant and equipment in service.

b) Property, plant and equipment and depreciation

i) All classes of property, plant and equipment in service at 1st January are revalued on the basis of current replacement cost at 31st December and incorporated in the financial statements at the balance sheet date.

ii) Depreciation on property, plant and equipment 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 annual depreciation rates of property, plant and equipment are as follows:

	%
Sub transmission network	2½ – 4
Distribution network	2½ – 4
Building and civil works	2½
General tools	12½
Fixtures and fittings	12½
Meters	5
Computers and Software	25 - 33⅓
Motor vehicles	10 - 25

iii) Property, plant and equipment acquired during the year are not depreciated nor revalued in the year of acquisition. A full year's depreciation is however charged in the year of disposal.

iv) Capital work-in-progress is valued at the cost of construction work executed to date and contract materials on hand awaiting installation.

(c) Stocks

Stocks are stated at the lower of cost and net realizable value. Net realizable value is the price at which the stock can be realised in the normal course of business after allowing for cost of realization. Provision is made for obsolete, slow moving and defective stocks.

Notes to the Financial Statements for the Year Ended 31st December 2008 (continued)

(d) Provision for doubtful debts

Debtors are stated after deducting a general provision for doubtful debts.

(e) Customer Contributions to Property, Plant and Equipment

These are shown as a deferred credit and an amount equivalent to the depreciation charge relating to the portion of the cost of the Property, plant and equipment contributed by customers is transferred to the Profit and Loss Account.

(f) Foreign currencies

Transactions denominated in foreign currencies are translated at rates ruling at the transaction date.

Assets and liabilities denominated in foreign currencies are translated into Cedis at rates of exchange ruling at the balance sheet date.

Exchange differences arising are dealt with through the revenue account.

(g) Deferred expenditure

Expenditure incurred in respect of consultancy services provided for major projects is carried forward to be amortized when the project is completed.
The amount shall be amortized over a period of five years (Note 15).

Notes to the Financial Statements for the Year Ended 31st December 2008 (continued)

		2008 GH¢	2007 GH¢
2.	Direct Costs		
	Purchased Power	405,490,620	261,330,614
	Distribution, Operation/Maintenance	13,992,579	10,160,662
		419,483,199	271,491,276
3.	Operating General and Administrative Expenses		
	Transport	6,353,582	4,050,157
	Staff Costs	46,276,754	39,518,264
	Other Administrative Expenses	22,725,506	16,604,489
	Directors Emoluments	101,053	29,788
	Audit fees	70,000	60,000
	Loss on Disposal of Fixed Assets	226,108	-
	Increase/(decrease) in bad debts provision	1,318,363	3,668,648
	(Decrease) / Increase in provision for obsolete and slow moving stocks	(912,594)	904,608
	Depreciation of Property, Plant & Equipment	77,161,356	58,875,769
		153,320,128	123,711,723
	Less: Amortisation of Government Grant	(7,001,349)	(4,018,500)
	Customer Contributions to Property, Plant & Equipment	(3,468,688)	(1,816,092)
		142,850,091	117,877,131
4:	Foreign Exchange Differences		
	Long-term Loans	19,060,226	2,432,030
	Interest Creditors	557,987	(4,193)
	Others	130,038	1,128,554
		19,748,251	3,556,391
5:	Other Income		
	Hiring of Company Transport	10,134	5,177
	Reconnection / Meter Maintenance Fee	6,619,127	4,556,045
	Profit on disposal of assets	-	11,740
	Sale of damaged/obsolete stock	385,457	140,975
	Stock surplus	278,161	50,245
	Stock price Adjustment	7,104,002	2,459,245
	Hire Charges	3,076	5,436
	Interest and dividends	3,526,710	1,623,646
	Rent income	22,512	23,129
	Interest Relief (HIPC)	3,065,480	3,609,135
	Electricity Reimbursable	-	27,634,882
	Other non-operating income	830,260	59,210
		21,844,919	40,178,865

Notes to the Financial Statements for the Year Ended 31st December 2008 (continued)

6: Property, Plant and Equipment Valuation

	Balance at 1/1/2008	Revaluation uplift during the period	Additions during the period	Deletions during the period	Balance at 31/12/2008
	GH¢	GH¢	GH¢	GH¢	GH¢
Sub-transmission Network	309,796,272	99,025,417	3,453,934	(5,884)	412,269,739
Distribution Network	1,128,498,842	360,940,642	23,595,488	(671,594)	1,512,363,378
Land, Building & Civil Works	85,735,086	12,888,658	3,600,902	0	102,224,646
General tools	3,753,619	1,199,855	38,731	0	4,992,205
Fixtures and Fittings	9,395,060	3,003,160	1,823,784	0	14,222,004
Meters	81,353,460	25,756,380	14,896,038	(777,389)	121,228,489
Computer Equipt./ Software	4,404,002	1,407,752	57,755	0	5,869,509
Motor Vehicles	23,750,698	7,564,804	10,411,114	(85,020)	41,641,596
	1,646,687,039	511,786,668	57,877,746	(1,539,887)	2,214,811,566

Depreciation

	Balance at 1/1/2008 the period	Revaluation Uplift during the period	Depreciation for the period	Deletions During	Balance at 31/12/2008
	GH¢	GH¢	GH¢	GH¢	GH¢
Sub-transmission Network	128,389,805	41,038,379	12,831,937	(5,787)	182,254,334
Distribution Network	611,504,740	195,353,854	52,830,676	(380,895)	859,308,375
Land, Building & Civil Works	23,273,968	3,498,804	1,783,330	0	28,556,102
General tools	2,087,732	667,350	444,456	0	3,199,538
Fixtures and Fittings	5,172,210	1,653,313	1,421,110	0	8,246,633
Meters	48,449,601	15,311,770	4,204,642	(750,217)	67,215,795
Computer Equipt./ Software	2,661,615	850,794	466,323	0	3,978,732
Motor Vehicles	17,203,064	5,471,833	3,178,882	(85,018)	25,768,761
	838,742,735	263,846,097	77,161,356	(1,221,917)	1,178,528,270
Net Assets	807,944,304				1,036,283,296
Capital Works in Progress 6(a)	126,042,172				134,914,156
	933,986,476				1,171,197,452

Notes to the Financial Statements for the Year Ended 31st December 2008 (continued)

		2008 GH¢	2007 GH¢
6(a):	Capital Works in Progress		
	Development works executed to date	128,659,243	121,584,104
	Civil works executed to date	5,460,705	3,932,094
	Project electrical materials	794,208	525,974
		134,914,156	126,042,172
	Capital Works in Progress represents the total cost of work mainly in respect of transmission and distribution system extension not yet completed and put to use		
7:	Trade Investment		
	This represents 192,000 ordinary shares in Nexans Kablemetal (Ghana) Limited	100	100
8:	Stocks		
	Electrical stocks	90,828,981	40,420,223
	Mechanical stocks	797,637	780,158
	Project stocks	1,065,930	592,893
	Stock-in-transit and others	47,147,086	30,761,202
		139,839,634	72,554,476
	Less: Provision for damaged, slow moving and obsolete stocks	(1,623,814)	(2,536,408)
	Deferred stock price adjustment	(2,364,028)	(2,018,227)
		135,851,792	67,999,841
9:	Debtors		
	Customer balances	219,168,010	169,030,278
	Provision for bad and doubtful debts	(14,394,274)	(13,075,911)
		204,773,736	155,954,367
	Staff Advances*	5,763,775	5,436,875
	Other Trade Debtors	22,768,477	3,479,907
	Sundry Debtors	24,727,430	6,540,438
		258,033,418	171,411,587
	*The maximum amount due from the employees of the company during the financial year did not exceed GH¢5,763,775		
10.	Prepayments		
	Prepayments to suppliers	8,323,294	2,924,574

11.	Short Term Investments		
	Treasury Bills	1,859,140	1,689,334
	Fixed Deposits	14,499,379	6,155,792
		16,358,519	7,845,126
12:	Bank and Cash Balances		
	Bank Balances - local currency	38,412,316	29,397,398
	- foreign currency	11,010,240	5,280,992
	Cash on Hand	51,209	12,539
		49,473,765	34,690,929
13.	Creditors and Accruals		
	VRA power purchases	128,890,844	90,478,491
	Independent Power Producers	11,913,386	15,139,589
	Trade Creditors	21,204,278	15,437,065
	Other Creditors	71,365,987	73,758,959
	Interest Creditors	3,773,035	1,211,419
	Emergency Power Producers	5,386,500	5,386,500
	Counterpart Fund	754,174	769,335
	Accrued Expenses	153,172	154,765
	Staff Welfare Fund	15,800	15,800
		243,457,176	202,351,923
14:	Deferred Credit: Customer and Government Contributions to Property, Plant and Equipment		
	Balance at 1st January	86,692,192	45,402,300
	Government contributions during the year	73,500,216	13,110,089
	Customer contributions during the year	5,613,677	29,995,895
		165,806,085	88,508,284
	Less: Amount transferred to Profit and Loss Account {(Note 1(e)}	(3,468,688)	(1,816,092)
	Balance at 31st December	162,337,397	86,692,192
15:	Deferred Revenue Expenditure		
	Balance at 1st January	460,459	1,656,300
	Expenditure incurred during year	98,849	-
	Expenditure amortised during year	-	(1,195,841)
	Balance at 31st December	559,308	460,459
16:	Stated Capital		
	Authorised number of ordinary shares of no par value: 500,000,000		

Issued and fully paid for consideration other than cash: 50,000,000 ordinary shares	5,000	5,000

There is no unpaid liability on any share and there are no shares in treasury

17: Government Equity

Government Equity represents surplus arising from conversion from Corporation status to Limited Liability Company.

18: Revaluation Surplus

Balance at 1st January	723,236,298	691,804,700
Surplus on revaluation of fixed assets in the year	247,940,571	61,566,444
	971,176,869	753,371,144
Transfer to Income Surplus Account	(38,847,075)	(30,134,846)
Balance at 31st December	932,329,794	723,236,298

19 (a): Government Grant

Balance 1st January	43,490,940	37,032,800
Long term Principal loans cancelled {(21(a)}	8,051,310	10,476,640
	51,542,250	47,509,440
Transfer to operating expenses	(7,001,349)	(4,018,500)
Balance at 31st December	44,540,900	43,490,940

19 (b): Government Assistance

The Company received relief from the Government of Ghana from repayment of IDA and other related loans. In line with the Company's policy on accounting for government grants and International Accounting Standards (IAS) 20; the interest portion of GH¢3,065,480 was recognised in the Profit and Loss Account and the principal portion of GH¢8,051,310 was charged against the cost of the related assets

20(a): Reconciliation of Net Profit / (Loss) before tax to Net Cash Inflow from Operating Activities	2008 GH¢	2007 GH¢
Net Profit / (Loss) before tax	33,442,936	(8,657,716)
Depreciation	77,161,356	58,875,769
Customer Contributions amortised	(3,468,688)	(1,816,092)
Government Grant amortised	(7,001,349)	(4,018,500)
Exchange Loss on Long-term loans and interest creditors	19,618,213	2,427,837

Increase in Stocks	(66,939,357)	(20,104,149)
Increase in Debtors	(87,940,194)	(27,577,135)
(Increase) / Decrease in prepayments	(5,398,720)	2,741,226
Increase in Creditors	38,543,637	37,551,604
Provision for Bad and doubtful debts	1,318,363	3,668,648
Provision for slow moving and obsolete stocks	(912,594)	904,608
Profit / (Loss) on disposal of assets	226,108	(11,740)
Interest relief (HIPC)	(3,065,480)	(3,609,135)
Interest expense	5,089,945	4,824,747
Interest income	(3,483,318)	(1,605,394)
Dividend	-	(18,252)
Deferred expenditure amortised	-	1,195,841
	(2,809,142)	44,772,167

Analysis of Changes in Cash and Cash Equivalent		
Balance at 1st January	42,536,055	36,798,700
Net cash inflow	23,296,229	5,737,355
Balance as at 31st December	65,832,284	42,536,055

20(b): Analysis of Balances of Cash and Cash Equivalents as shown in the Balance Sheet

	Changes during the year GH¢		
Cash at bank and on hand	14,782,836	49,473,765	34,690,929
Short term investments	8,513,393	16,358,519	7,845,126
	23,296,229	65,832,284	42,536,055

21 (a): Long Term Loans

		Balance at 1/1/2008 GH¢	Drawdown GH¢	Repayment GH¢	Exchange adjtm. GH¢	Cancellation/ Transfer	Balance at 31/12/08 GH¢
i.	IDA 2061	1,495,897	-		-	(1,495,897)	-
ii.	IDA 2467	24,920,737	-	0	8,867,317	(5,547,913)	28,240,141
iii.	IDA 2682 DSUP	14,396,819	-	0	4,945,012	0	19,341,831
iv.	IDA43560	-	9,353,902	0	1,050,313	0	10,404,215
v.	NDF 80	5,567,037	-	0	1,928,149	(283,268)	7,211,918
vi.	SCADA 2ND BULK SUPL.	289,946	-	0	10,898	(148,749)	152,095
vii.	KFW NO. 9866070GH	5,826,239	-	0	1,260,395	(231,191)	6,855,443
viii.	CGH1012 01A	2,891,912	-	0	620,442	(344,291)	3,168,063
ix.	SCADA PROJECT	2,754,523	-	0	134,267	0	2,888,790
x.	CHIRANO	-	987,374	(55,563)	243,433	0	1,175,244
	TOTAL	58,143,110	10,341,276	(55,563)	19,060,226	(8,051,309)	79,437,740
Less;							
Current portion (Note 21(b)		(5,753,960)					(7,749,235)
Long Term portion		52,389,150					71,688,505

21(b) Current portion of Long Term Loans

Loan		Balance at 1/1/2008	Balance at 31/12/08
i.	IDA 2061	718,030	-
ii.	IDA 2467	4,342,641	5,438,431
iii.	KFW 070	0	1,241,071
iv.	NDF 80	299,370	380,554
v.	SIDA LOAN	135,115	291,683
vi.	GH 101201A	258,804	315,022
vii.	CHIRANO LOAN	0	82,474
		5,753,960	7,749,235

21(c): Loan Interest

		2008 GH¢	2007 GH¢
I.	IDA 689	-	82,208
ii.	IDA 2061	459,504	777,868
iii.	WEST LB	-	71,556
iv.	IDA 2467	2,397,155	2,415,099
v.	KFW NO. 9866070GH	50,061	43,733
vi.	CDC	-	131,109
vii.	CGH 101201A	93,277	87,561
viii.	IDA 2682	2,069,112	1,215,613
ix.	CHIRANO GOLD MINES	20,836	-
		5,089,945	4,824,747

21 (d)

i. IDA 2061

IDA 2061 was part of the financing package for the Company's Power Five Project. The amount of amount of US$40 Million was originally loaned to the Government of Ghana and was subsequently loaned to ECG under a subsidiary Loan Agreement in 1989. The loan was repayable over 20 years including a 5-year grace period at the prevailing bank of Ghana discount rate. The on-lending discount rate is reviewed annually. The Government of Ghana bears the foreign exchange risk. The interest shall be the bank of Ghana Bill Tender rate at the date of first withdrawal of the subsidiary loan and shall be reviewed annually.

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

ii. IDA 2467

The IDA 2467 credit facility was a loan from the International Development Association (IDA) of SDR 55,200,000 granted to the Government of Ghana in 1993 and relents to ECG and Volta River Authority. ECG's portion of SDR 29,135,000 which was increased to SDR 29,400,000 was 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 15 June and 15 December each year.

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

iii. IDA 2682-1-GH

The IDA 2682-1-GH was granted to the Government of Ghana in 2004 and relent to ECG under subsidiary loan agreement to finance the upgrade of distribution systems and

build managerial capacities. The principal amount of SDR 10,050,000 is repayable over 17 years, including 3 year grace period at an interest rate of 8% per annum.

iv. IDA 4356-GH

IDA 4356-GH credit facility was a loan from International Development Association of XDR 59,100,000 granted the Government of Ghana. ECG's portion of SDR 24,740,000 under a under a subsidiary loan agreement dated 9th November,2007 was for Energy Development 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 a t 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 March 1st and September 1st 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.

v. NDF80

The NDF80 loan from the Nordic Development Fund of SDR4 million was granted to the Government of Ghana on 5 July, 1994 and re-lent to ECG on the 25 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 grade period of ten years from the date of the loan without any interest.

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

vi. SIDA LOAN

The loan was a facility granted to ECG and VRA in 1997 of which ECG's portion represents SEK 16.5 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) June 30, 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 was cancelled.

vii. KFW NO.9866070GH

The KFW No.9866070GH was a loan of DM 10 million granted to the Government of Ghana in 1999 under the German Financial Co-operation with Ghana. The loan is to be 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 33KW Circuit

breakers and the replacement of 11 KV-Switchboards with vacuum breakers. Under a subsidiary loan agreement, an interest of 3percent per annum is charged on the amount withdrawn and outstanding. The loan is repayable over 30 years 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.

viii. 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.

ix. SIDA LOAN SCADA PROJECT

The SIDA loan of Swedish Kroner 18,157,700 was for the acquisition of SCADA (System Control and Data Acquisition) from ABB Network Partner. The loan was relent to the Company by the Government of Ghana.

x. Chirano Gold Mine

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

Note 22: Contingent Liabilities

At the balance sheet date, there were contingent liabilities totalling GH¢420,000.

Note 23: Capital Commitments

At the balance sheet date, there were capital commitments totalling GH¢77,073,447 which have not been provided for in the financial statements.

Directors

Directors

Date: 8th October, 2009

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