ELECTRICITY COMPANY OF GHANA LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016

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 2016

TABLE OF CONTENTS

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016

CORPORATE INFORMATION

				Appointed On	Mandate expired on
Directors:	Mr. Keli Gadzekpo		Chairman	15/08/2017	
	Daasebre Kwebu Ewusi VII	-	Chairman(Ag)		01/07/2017
	Ing.Samuel Boakye-Appiah (Managing Director)	-	Member	15/08/2017	
	Mr. Robert Dwamena (Managing Director)	-	Member		01/07/2017
	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		01/07/2017
	Dr Kwasi A Apea-Kubi	-	Member		01/07/2017
	Hon John Jinapor	-	Member		01/07/2017
	Dr Alfred Ofosu Ahenkorah	-	Member		01/07/2017
	Mr. Clement Abavana	-	Member		01/07/2017
	Ms Eunice Comnashar	-	Member		01/07/2017
	Dr. Deborah Brigette Cubagee	-	Member		01/07/2017

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

Foreign:
Ghana International Bank Plc London

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016

REPORT OF THE DIRECTORS

The directors have the pleasure in presenting the financial statements of the company for the year ended 31st December 2016 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.

(c) Results of operations and dividend

The operations for the year resulted in a net profit of GHS362.051 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: Keli Gadzekpo

Date: 14/06/2018

....
MANAGING DIRECTOR

Name: Ing Samuel Boakye Appiah

Date: 14/06/2018

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 profit or loss 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. Furthermore, management is not aware of any material uncertainty that cast significant doubt about the company's ability to continue as a going concern. Therefore, the financial statements continues to be prepared on the going concern basis.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF THE 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 31 December 2016, statement of comprehensive income, statement of changes in equity and statement of cash flows for the then year ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Electricity Company of Ghana Limited as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 1963 (Act 179).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics (IESBA Code) as adopted by the Institute of Chartered Accountants Ghana and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Codes. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is 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 conclusion thereon

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 Board of Directors for the financial statements.

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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 intends 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 is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exits. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 fair presentation and 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 organisation's 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
....

Signed by: Nii Akwei Tetteh (ICAG/P/1381)
For and on behalf of:
CFY Partners (ICAG/F/2018/073)
Chartered Accountants
134 Robinson Crescent, Swanlake Rd
PMB 2, North- Kaneshie
Accra, Ghana.
14/06/2018.

ELECTRICITY COMPANY OF GHANA LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2016

	Note	2016	2015
		GHS'000	GHS'000
Revenue	1	5,695,070.38	3,333,858.36
Direct costs	2	(4,395,209.74)	(3,078,878.00)
Gross margin		1,299,860.64	254,980.36
Distribution costs	3	(194,660.43)	(156,129.00)
Administrative expenses	4	(400,210.15)	(350,046.77)
Other income	5	17,299.03	3,645.00
Other gains	6	3,264.00	3,614.00
Operating Profit/(loss)		725,553.09	(243,936.40)
Finance income	7	11,151.15	7,972.45
Finance costs	8	(374,653.09)	(160,557.57)
Net finance costs		(363,501.94)	(152,585.12)
Share of profit / (loss) of associate	9	-	941.53
Profit / (loss) before tax expense		362,051.15	(395,579.99)
Tax income/(expense)	10	(153,445.79)	104,682.00
Profit/(loss) after tax	25	208,605.36	(290,898.00)
OTHER COMPREHENSIVE INCOME			
Surplus on revaluation	24	4,117,532.00	955,127.00
Deferred tax on revaluation surplus	24	(1,029,383.00)	(238,782.00)
		3,088,149.00	716,345.00
Share of other comprehensive (loss) /Profit	23	-	44.00
		3,088,149.00	716,389.00
TOTAL COMPREHENSIVE INCOME FOR THE YEA		3,296,754.36	421,964.00
Earning per share (EPS) in GHPs		0.42	(0.59)

ELECTRICITY COMPANY OF GHANA LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2016

	Note	2016	2015
ASSETS		**GHS'000**	GHS'000
Non-current assets			
Property, plant & equipment	12	**13,615,045**	8,982,472
Investment	14	**2,966**	2,966
Advances & Loans	15	**28,878**	25,614
		13,646,889	9,011,052
Current assets			
Inventories	16	**63,609**	68,528
Trade and other receivables	17	**4,073,970**	2,536,087
Prepayments	18	**27,941**	26,771
Cash and cash equivalents	19	**483,317**	252,188
		4,648,837	2,883,575
Total assets		**18,295,726**	11,894,627
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	**304,369**	239,930
Capital surplus	24	**7,093,650**	4,301,070
Income surplus	25	**659,558**	179,030
Total equity		**8,065,646**	4,728,099
Liabilities			
Non-current liabilities			
Deferred credit	26	**622,602**	481,888
Deferred tax liabilities	27	**2,443,345**	1,327,384
Borrowings - due after one year	28 (a)	**673,812**	421,668
		3,739,759	2,230,939
Current liabilities			
Bank overdraft	20	**97,020**	75,488
Provision for company tax	27 (c)	**109,010**	18,497
Trade and other payables	29	**5,990,133**	4,577,179
Borrowings - due within one year	28 (b)	**294,158**	264,425
		6,490,321	4,935,589
Total liabilities		**10,230,080**	7,166,528
Total equity and liabilities		**18,295,726**	11,894,627

The financial statements and accompanying notes on pages 11 to 42 were approved by the Board of Directors on.................................. June 2018 and signed on its behalf by:

Chairperson: *Managing Director:*

Name: Keli Gadzekpo   *Name:* Ing Samuel Boakye-Appiah

Date: 14/06/2018   *Date:* 14/06/2018

The notes on page 11 to 42 forms 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 2016

	Stated capital	Gov't equity	Other compo- nents of equity	Capital surplus	Income surplus	Total
	GHS'000	GHS'000	GHS'000	GHS'000	GHS'000	GHS'000
Balance at 1st January 2016	5.00	8,064.00	239,930.00	4,301,070.00	179,030.00	4,728,099.00
Profit for the year					208,605.36	208,605.36
Development finance			64,438.63			64,438.63
Share of associate in previous years						
Net revaluation surplus after tax				3,088,149.00		3,088,149.00
Transfer of depreciation charge on ppe out of revaluation surplus net of tax				(271,923.26)	271,923.26	-
Transfer to deferred tax				(23,645.50)		(23,645.50)
Share of other comprehensive loss from associate company						
Balance at 31st December 2016	**5.00**	**8,064.00**	**304,368.63**	**7,093,650.24**	**659,557.62**	**8,065,646.50**
Balance at 1st January 2015	5.00	8,064.00	239,886.35	3,763,936.13	305,054.32	4,316,945.46
Loss for the year					(290,898.00)	(290,898.00)
Development finance			-			-
Share of associate in previous years					-	-
Net revaluation surplus after tax				716,345.00		716,345.00
Transfer of depreciation charge on ppe out of revaluation surplus net of tax				(164,874.35)	164,874.00	-
Transfer to deferred tax				(14,336.90)		(14,336.90)
Share of other comprehensive profit from associate company			44.00			44.00
Balance at 31st December 2015	**5.00**	**8,064.00**	**239,930.35**	**4,301,069.88**	**179,030.32**	**4,728,099.00**

The notes on pages 11 to 42 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 2016

	Note	2016 GHS' 000	2015 GHS'000
Operating activities			
Net cash inflow from operating activities	**30(a)**	**844,764.38**	779,979.00
Investing activities			
Interest paid/cancelled		**(28,302.00)**	(50.28)
Interest received	**7**	**11,151.15**	7,972.45
Payments to acquire property, plant & equipment and towards capital work in progress	**13a**	**(1,068,413.52)**	(885,249.00)
Proceeds from sale of property, plant & equipment		**2,471.34**	61.00
Government/Customer contribution to property, plant & equipment		**159,874.00**	83,723.36
Net cash outflow towards investing activities		**(923,219.03)**	(793,542.48)
Financing activities			
Long term loan drawdowns/capitalization	**28a**	**297,111.00**	40,424.00
Long term loan repayments/transfers	**28a**	**(73,499.00)**	(2,254.00)
Development finance drawdown	**23**	**64,438.63**	44.65
Net cash inflow from financing activities		**288,050.63**	38,214.65
Increase (decrease) in cash and cash equivalents in the ye		**209,595.93**	24,651.18
Cash and cash equivalents at 1st January		**176,701.18**	152,050.00
Cash and cash equivalents at 31st December	**31(b)**	**386,297.10**	176,701.18

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 2016 were authorized for issue in accordance with a resolution of the Board of Directors on ---------- June 2018.

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 2016. Their application will however not have significant impacts on the company's financial statements.

Standard/ Interpretation	Content	Applicable for financial years Beginning on/after
IFRS 9	Financial Instruments	1st January 2018
IFRS 15	Revenue from Contract with Customers	1st January 2018
Amendments to IAS 16 and 38	Clarification on acceptable method of Depreciation and amortization	1st January 2017
Amendments to IAS 12	Income Tax	1st January 2017
Amendments to IAS 7	Statement of Cash flow	1st January 2017
IFRS 16	Leases-Replacement of IAS 17 Leases	1st 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 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.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortization as being the expected pattern of consumption of future economic benefits of an asset. IASB clarified that the use of revenue –based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of assets generally reflects factors such as inflation other than the consumption of the economic benefits of the asset.
IASB also clarified that revenue is generally presumed to be an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption can be rebutted only when revenue and consumption of economic benefits of intangible assets are highly correlated.
The amendment will not have any impact on the financial statements.

IAS 12 Income Tax.
The amendment addresses the accounting for income tax, including deferred tax assets. The amendments propose guidance that clarifies how to account for deferred tax assets (unrealized losses) related to debt instruments measured at fair value and measured at cost for tax purposes giving rise to deductible temporary difference irrespective of whether the debt's instrument holder expects to recover the carrying amount of the debt instrument by sale or by use. The carrying amount of an asset does not limit the estimation of probable future profits. Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences

IAS 7 Statement of Cash Flow. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about entity's financing activities. IASB requires that the following changes in liabilities arising from financial activities are disclosed (to the extent necessary):

(1) Changes from financing cash flow
(2) Changes arising from obtaining or losing control of subsidiaries or other business
(3) The effect of changes in foreign exchange rates
(4) Changes in fair value; and
(5) Other changes

The impact on the financial statements has not fully been determined.

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, 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.

2.4 NON-CURENT ASSETS (OR DISPOSAL GROUPS)

Non-current assets (or disposal groups) 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.

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 merchandize 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 LIBILITIES 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.

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.

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 Income Statement, 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. The income tax expense in the Income Statement does not include taxation on the company's share of profit of associate, as this is depicted on a separate line on the face of the Income Statement as profit from associates net of tax.

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 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;
- 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.

- **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 recently 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 35 (pages 38-42).

REVENUE AND COST STRUCTURE	2016 GHS'000	2015 GHS'000
1 Revenue		
Sale of electricity	**5,347,240**	3,054,378
Public lighting levy	**142,188**	420
Govt. and cust. contribution amortisation	**19,276**	16,552
Street lighting shortfall recovery	**171,770**	250,311
Reconnection and meter maintenance fee	**14,596**	12,198
	5,695,070	3,333,858
2 Direct costs		
Power purchases	**3,154,311**	2,164,793
Transmission cost	**517,774**	312,084
Operations	**76,592**	62,049
Maintenance	**145,456**	112,852
Transport	**23,109**	17,215
Depreciation	**477,968**	409,886
	4,395,210	3,078,878
3 Distribution costs		
Direct distribution costs	**119,287**	101,526
Transport	**7,349**	6,417
Depreciation	**68,025**	48,186
	194,660	156,129
4 Administrative expenses		
Overhead expenses	**354,484**	303,755
Loss on sale of damaged and obsolete stock	**299**	9,656
Loss on disposal of fixed assets	**7,242**	6,379
Transport	**22,404**	**18,319**
Depreciation	**15,781**	11,938
	400,210	350,047
5 Other income		
Hiring/charging of company transport	**5**	13
Rent income	**38**	34
Other non-operating income	**17,256**	3,598
	17,299	3,645

		Note	2016	2015
			GHS'000	GHS'000
6	**Other Gains**			
	Financial assets revaluation gain through profit & loss		**3,264**	3,614
7	**Finance income**			
	Interest on short term investment & Loans		**11,151**	7,972
	Foreign exchange gain(/loss): Sundries		**-**	-
			11,151	7,972
8	**Finance costs**			
	Interest on long-term borrowing		**75,881**	46,823
	Foreign exchange loss:			
	Long-term loans		**58,265**	78,346
	Exchange loss capitalized		**(18,115)**	(30,799)
			40,150	47,547
	Long-term interest creditors		**25,435**	9,534
	Others		**233,187**	56,653
			298,772	113,734
			374,653	160,558
9	**Share of (loss) profit of associate company**			
	24% share of (loss) profit of Nexans Kabelmetal Gh. Ltd.		-	1,191
	Share of company tax		-	(249)
			-	942
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 the year	**27(a)iii**	**109,680**	(49,954)
	Origination/reversal of temporary differences	**27(b)**	**(46,747)**	(54,728)
			153,446	(104,682)
11	**Loss for the year**			
	The loss for the year is stated after charging:			
	Depreciation of fixed assets in service		**561,774**	470,011
	Salaries and wages		**354,705**	318,899
	Auditors' remuneration		**-**	207
	Board remuneration		**554**	337

12(a)

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 Equipt/Software	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**
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 Equipt/Software	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**
Capital works in progress Note 13(a)	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.

12(b)	PROPERTY, PLANT AND EQUIPMENT SCHEDULE -- 2015					
	Valuation	Balance at 1/1/2015	**Revaluation uplift**	**Additions during the year**	**Deletions/ Transfers during the year**	**Balance at 31/12/2015**
		GHS'000	**GHS'000**	**GHS'000**	**GHS'000**	**GHS'000**
	Subtransmission	2,003,406.00	357,188.00	232,764.00	(90.00)	**2,593,268.00**
	Distribution	6,925,495.00	1,193,433.00	317,888.00	(2,250.00)	**8,434,566.00**
	Land and buildings	309,424.00	52,161.00	68,225.00	-	**429,810.00**
	General tools	22,523.00	4,046.00	2,977.00	-	**29,546.00**
	Fixtures and fittings	91,751.00	16,382.00	11,027.00	-	**119,160.00**
	Meters	709,378.00	125,592.00	83,614.00	(6,571.00)	**912,013.00**
	Comp. equipt/software	41,019.00	6,989.00	915.00	-	**48,923.00**
	Transport	219,697.00	37,829.00	9,960.00	(193.00)	**267,293.00**
		10,322,693.00	**1,793,620.00**	**727,370.00**	**(9,104.00)**	**12,834,579.00**
	Depreciation	Balance at 1/1/2015	**Revaluation backlog**	**Depreciation for the year**	**Deletions/ Transfers during the year**	**Balance at 12/31/2015**
	Subtransmission	826,005.00	139,182.00	79,361.00	-	**1,044,548.00**
	Distribution	3,519,501.00	592,932.00	314,696.00	(615.00)	**4,426,514.00**
	Land and buildings	96,653.00	14,276.00	8,148.00	-	**119,077.00**
	General tools	18,643.00	3,141.00	1,139.00	-	**22,923.00**
	Fixtures and fittings	65,293.00	11,002.00	10,580.00	-	**86,875.00**
	Meters	238,033.00	39,831.00	37,391.00	(1,842.00)	**313,413.00**
	Comp. equipt/software	40,470.00	6,819.00	694.00	-	**47,983.00**
	Transport	185,877.00	31,310.00	18,002.00	(72.00)	**235,117.00**
		4,990,475.00	**838,493.00**	**470,011.00**	**(2,529.00)**	**6,296,450.00**
				.		
	Net book value	5,332,218.00	**955,127.00**			**6,538,129.00**
	Capital works in progress Note 13(a)	2,255,666.00				**2,444,343.00**
		7,587,884.00				**8,982,472.00**

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2016 (Continued)

		2016	2015
		GHS'000	GHS'000
13a	**Capital work in progress**		
	Balance at 1st January	2,444,343	2,255,665
	Additions during the year less exchange loss capitalised	1,068,414	885,249
	Exchange loss capitalized	18,115	30,799
	Transfers to PPE in service during the year	(924,471)	(727,370)
	Transfer to Loans & Advances	-	-
	Balance at 31st December	2,606,401	2,444,343
13b	**Capital work-in-progress by category**		
	Development jobs	1,683,642	1,546,144
	Inventories reclassified project materials under cwip	748,527	755,804
	Civil Works	167,935	134,099
	Rechargeable Jobs	6,298	8,296
		2,606,401	2,444,343
14	**Investment**		
	Associate company equity investment		
	Balance at 1st January	2,966	1,979
	Understated share of equity interest as at Dec. 2009		-
	Dividend received		-
	Share of loss/(profit) less company tax		943
	Share of other comprehensive loss-associate co.		44
	Balance at 31st December	2,966	2,966
	This represents 24% equity interest in Nexans Kabelmetal Gh.		
15	**Advances & loans**		
	Opening/transfer from capital work-in-progress	25,614	22,000
	Revaluation gain	3,264	3,614
		28,878	25,614
	This represents IDA.. Loan to GoG sub-lent to ECG and the latter subsequently sub-lent part to GRIDCO		
16	**Inventories**		
	Electrical materials	591,332	552,361
	Mechanical materials	2,979	5,372
	Materials-in-transit and others	249,854	276,957
		844,165	834,690
	Less reclassification under CWIP	-778,198	(765,328)
	Provision for damaged, slow moving and obsolete stocks	-2,357	(834)
		63,609	68,528
17	**Trade and Other receivables**		
	Customer balances - Private	1,781,637	648,614
	- MDA's & GWCL	817,725	634,309
	Total Customer Balances	2,599,362	1,282,923
	Street lighting shortfall recovery - GoG	858,249	686,479
	Government subsidies	573,807	459,900
	Other trade debtors	6,359	53,043
	Staff loans and advances*	36,193	53,742
		4,073,970	2,536,087

		2016	2015
		GHS'000	GHS'000
18	**Prepayments**		
	Advanced mobilization to suppliers/contractors	27,941	26,771
19	**Cash and cash equivalents**		
	Bank balances	358,031	152,934
	Cash on hand	1	2
	Treasury bills	6,699	5,403
	Fixed deposits	118,586	93,848
		483,317	252,188
20	**Bank overdraft**		
	Merchant Bank Ghana Limited	27,635	36,573
	GCB Bank Ghana Limited	6,322	531
	Ecobank Ghana Limited	13,804	9,126
	Unibank Ghana Limited	0	19,861
	Energy Bank	39,654	3,990
	Other overdrawn accounts	9,605	5,406
		97,020	75,488
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.	5	5
	There is no unpaid liability on any share and there		
	are no shares in arrears		
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	239,930	239,885
	Additions during the year - development finance	64,439	-
	Share of other comprehensive income	-	44
	Balance at 31st December	304,369	239,930

		2016	2015
24	**Capital surplus**	**GHS'000**	GHS'000
	Balance at 1st January	**4,301,070.00**	3,763,936.00
	Surplus on revaluation of fixed assets in the year	**4,117,532.00**	955,127.00
	Transfer to deferred tax on recognised surplus in the year	**(1,029,383.00)**	(238,782.00)
		7,389,219.00	4,480,281.00
	Transfer to retained earnings account re-depreciation charge	**(271,923.26)**	(164,874.00)
	Transfer to deferred tax re-depreciation charge	**(23,645.50)**	(14,337.00)
	Balance at 31st December	**7,093,650.24**	4,301,070.00
25	**Income surplus**		
	Balance at 1st Jan	**179,030.00**	305,054.00
	Surplus/(deficit) for the year after tax	**208,605.36**	(290,898.00)
	Direct transfer from capital surplus net of tax	**271,922.26**	164,874.00
	Balance at 31st December	**659,558.42**	179,030.00
26	**Deferred credit**		
(a)	Government contribution		
	Balance at 1st Jan	**275,528.00**	284,428.00
	Additions during the year	**119,895.00**	2,477.00
		395,423.00	286,905.00
	Amount transferred to income statement	**(11,021.12)**	(11,377.00)
	Balance at 31st December	**384,401.77**	275,528.00
(b)	**Customer contributions**		
	Balance at 1st Jan	**206,360.00**	130,327.00
	Additions during the year	**39,979.00**	81,246.00
		246,454.00	211,573.00
	Amount transferred to income statement	**(8,254.40)**	(5,213.08)
	Balance at 31st December	**238,200.20**	206,360.00
	Total	**622,601.98**	481,888.00

			2016	2015
27	**Deferred tax liabilities**		**GHS'000**	GHS'000
27(a):	**(i)**	**Property, plant and equipment**		
		Balance at 1st January	**1,375,108.00**	1,191,054.00
		Recognised in income during the year	**982,636.00**	184,054.00
		Balance at 31st December	**2,357,744.00**	1,375,108.00
	(ii)	**Direct transfer from capital surplus**		
		Balance at 1st January	**61,956.00**	47,619.00
		Transfer during the year	**23,645.50**	14,337.00
		Balance at 31st December	**85,601.50**	61,956.00
	(iii)	**Deferred tax assets**		
		Balance at 1st January	**(109,680.00)**	(59,726.00)
		(Increase)/Reduction in deferred tax assets i	**109,680.00**	(49,954.00)
		Balance at 31st December	**-**	(109,680.00)
		Total	**2,443,345.39**	1,327,384.00
27(b)	**Movement related to revaluation, and reversal of temporary differences.**			
	Deferred tax liability due to mismatch of bases		**2,357,744.00**	1,375,108.00
	Opening deferred tax		**(1,375,108.00)**	(1,191,053.73)
	Deferred tax for the year		**982,636.00**	184,054.27
	Deferred tax attributable to revaluation		**(1,029,383.00)**	(238,782.00)
	Deferred tax income/(expense) related to the origination/reversal of temporary differences		**(46,747.00)**	(54,728.00)

27(c) Taxation payable

Income tax

	Balance 1/1/2016	Payments during the year	Charged to P & L account		Balance at 31/12/2016
	GHS'000	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)

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

	2016	2015
	GHS'000	GHS'000
Profit/(Loss) before taxation	362,051.15	(395,581.00)
Income tax using domestic tax rate (25%)	-	-
Deferred tax	90,512.79	(104,682.00)
Current tax charge	90,512.79	(104,682.00)
Effective tax rate	25.00	(26.46)

BORROWINGS

28(a):	**Due after one year**	**Balance as at 01/01/16**	Drawdown	Repayment	Exchange difference	**Transfer to Govt Contribution**	**Balance as at 31/12/16**
		GHS'000	**GHS'000**	**GHS'000**	**GHS'000**	**GHS'000**	**GHS'000**
	IDA 2467	76,255.00		-	6,122.00		**82,377.00**
	IDA 2682-I-GH DSUP	53,405.00			-	(53,405.00)	-
	IDA 4356-GH	225,265.00			21,181.00		**246,446.00**
	IDA 4730	192,659.00	40,144.00		18,115.00		**250,919.00**
	NDF 80	19,913.00			1,872.00		**21,785.00**
	2ND BULK SUPPLY POINT	431.00			13.00		**444.00**
	KFW NO. 9866070GH	16,286.00			1,206.00		**17,492.00**
	CGH101201A(CFD-INV)	7,526.00			557.00		**8,083.00**
	SCADA PROJECT LOAN	8,191.00			-	(8,190.00)	**-**
	CHIRANO LOAN	1,839.00		(281.00)	196.00		**1,755.00**
	WESTERN DIAMOND LOAN	7,974.00		(1,471.00)	851.00		**7,354.00**
	AfDB LOAN	76,348.00			8,152.00		**84,500.00**
	BXC		256,967.00	(10,152.00)	-	-	**246,815.00**
		686,093.00	297,111.00	(11,904.00)	58,265.00	(61,595.00)	**967,970.00**
	Less:						
	Due within one year	(264,425.00)					**(294,158.00)**
	Due after one year	421,668.00					**673,812.00**

28(b):	**Due within one year**		
	Loan	Balance at 42,370.00	**Balance at 31/12/2016**
	IDA 2467	76,255.00	**82,376.00**
	IDA 2682	21,990.00	**-**
	IDA 4356-GH	67,289.00	**95,522.00**
	IDA 4730	56,518.00	**80,567.00**
	KFW NO. 9866070GH	6,204.00	**6,664.00**
	NDF 80	19,913.00	**21,785.00**
	2ND BULK SUPPLY POINT	8,191.00	**444.00**
	SCADA LOAN	431.00	**-**
	AfDB Loan	1,907.00	**2,110.00**
	CGH 1012 01A (CFD-INV)	5,474.00	**4,409.00**
	CHIRANO LOAN	254.00	**281.00**
		264,426.00	**294,158.00**

			2016	2015
			GHS'000	GHS'000
28(c):	Interest on long-term borrowings			
	(i)	IDA 2467	6,088	5,820
	(ii)	IDA 2682-I-GH	4,489	4,202
	(iii)	IDA 4356-GH	12,543	11,726
	(iv)	IDA 4730	10,727	7,333
	(v)	KFW NO. 9866070GH	508	508
	(vi)	CGH 101201A (CFD-INV)	220	191
	(vii)	AfDB loan	794	717
	(viii)	Chirano loan	46	50
	ix)	Western Diamond	612	-
	X)	BXC	3,313	
			39,340	30,548

Note 28 (d)

i 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 relent 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 2682-1-GH DSUP

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 SDR10,050,000 is repayable over 17 years, including 3 year grace period at an interest rate of 8% per annum.

iii IDA 4356-GH

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

iv NDF80

The NDF80 loan from the Nordic Development Fund of SDR4 million was granted to the Government of Ghana on 5th July 1994 and re-lent 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.

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.

v 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.

vi 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.

vii 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):

viii SIDA LOAN SCADA PROJECT

The SIDA loan of Swedish Kronor 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.

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

ix 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.

x 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

xi 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.

xii 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.

Xiii IDA 4730

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

	2016	2015
	GHS'000	GHS'000
29 Trade and other payables		
Power purchases & transmission charges	4,065,753	3,241,740
Trade creditors	384,798	524,788
Other creditors	1,352,296	636,102
Interest creditors	181,900	169,163
Emergency power producers	5,386	5,386
	5,990,133	4,577,179

		2016	2015
30(a)	**Reconciliation of net loss before tax to net cash inflow (outflow) from operating activities**	**GHS'000**	GHS'000
	Net profit / (loss) for the year	**362,051**	(395,581)
	Depreciation	**561,774**	470,011
	Customer contributions amortisation	**(8,254)**	(5,213)
	Gov't contributions amortisation	**(11,021)**	(11,377)
	Other gains on advances & loans	**(3,264)**	(3,614)
	Exchange (gain) loss on long-term loans and interest creditors	**65,585**	57,081
	Decrease (increase) in inventory	**4,919**	(19,546)
	(Increase) decrease in trade and other debtors	**(1,537,883)**	(985,299)
	(Increase) decrease in prepayments	**(1,170)**	(5,793)
	Increase in trade and other payables	**1,400,212**	1,651,297
	(Profit)/ loss on disposal of assets	**7,242**	6,379
	Share of associate loss/ (profit)	**-**	(942)
	Interest expense	**75,881**	30,548
	Interest income	**(11,151)**	(7,972)
		844,764	779,979

		2016	2015
31(b)	**Analysis of changes in cash and cash equivalents**		
	Balance at 1st January	**176,701**	152,050
	Net cash inflow (outflow)	**209,596**	24,651
	Balance at 31st December	**386,297**	176,701

32(c) Analysis of cash and cash equivalents as shown in the balance sheet

			Change in the year	
	2016	**2015**	**2016**	**2015**
	GHS'000	**GHS'000**	**GHS'000**	**GHS'000**
Cash at bank and on hand	358,032	152,937	205,095	22,754
Short-term investments	125,285	99,252	26,034	16,078
Bank overdraft	(97,020)	(75,488)	(21,533)	(14,181)
	386,297	**176,701**	**209,596**	**24,651**

33 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:

	2016 GHSm	2015 GHSm
Opening balance	1,078	666
Additions	(170)	412
Closing balance	908	1078

34 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:

	2016 GWhs	2015 GWhs
Power purchased	9,344.57	7,549.64
Power sold	7,126.57	5,868.34
System losses	2,218.00	1,681.30
System losses %	23.74	22.27

35 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.

35(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.

- ***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	2016 GHSm	2015 GHSm
Trade & other receivables	4,073.97	2,536.09
Cash & cash equivalents	386.30	176.71
Total	**4,460.27**	**2,712.80**

- ***Impairment losses***

The aging of trade receivables at the reporting date was:

Description	2016			2015		
	Gross amount receivable	**Impair -ment**	**Net amount receivable**	**Gross amount receivable**	**Impair -ment**	**Net amount receivable**
	GHSm	**GHSm**	**GHSm**	**GHSm**	**GHSm**	**GHSm**
Not past due	1,152.50	0.00	1,152.50	729.65	0.00	729.65
Past due <30 days	99.02	1.98	97.04	48.73	0.97	47.76
Past due 30-120 days	278.09	13.90	264.18	66.01	3.30	62.71
Past due >120 days	1,383.73	58.16	523.47	238.49	23.85	214.64
Past due by more than one year	399.88	99.21	562.17	338.33	110.16	228.17
Total	**2,772.62**	**173.26**	**2,599.36**	**1,421.21**	**138.28**	**1,282.93**

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

Impairment	**2016 GHSm**	**2015 GHSm**
Balance at 1st January 1	138.28	66.82
Impairment gain (loss) recognized	34.98	71.46
Balance at 31st December	**173.26**	**138.28**

35(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 2016

Non-derivative financial liability	**2016 GHSm**	**2015 GHSm**
Trade and other payables	5,990.13	4,577.73
Current portion of long-term borrowing	294.16	264.43
Balance at 31st December	**6.284.29**	**4,842.16**

December 2015

Non-derivative financial liability	**2015 GHSm**	**2014 GHSm**
Trade and other payables	4,577.73	2,885.94
Current portion of long-term borrowing	264.43	199.51
Balance at 31st December	**4,842.16**	**3,085.45**

35(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.

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)	(4.23)	(134.61)	(3.76)	(0.96)

Description	USD'M	GBP'M	EUR'M	XDR'M	JPY'M	SEK'M
Cash & cash equivalents	29.81	0.71	2.42	-	-	-
Trade Receivables	19.69					
Long term borrowings	(23.38)	-	(7.22)	(142.72)	-	(19.11)
Other trade creditors	(512.22)	(8.27	(0.57)		(7.16)	
Gross exposure	(486.10)	(7.56)	(4.23)	(142.72)	(7.16)	(19.11)
						-

The following significant exchange rates applied during the year:

Currency	Average rate		Reporting rate	
Year	2016	2015	2016	2015
USD 1	3.9996	3.4991	4.2023	3.7969
GBP 1	5.4103	5.3009	5.2003	5.6202
EUR 1	4.2864	4.0152	4.4394	4.1334
XDR 1	5.5008	4.9411	5.7478	5.2538
JPY 1	0.0338	0.0293	0.0360	0.0316
SEK 1	0.4577	0.4314	0.4642	0.4511

- ***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.

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

31-Dec	2016			2015		
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	5.07	30.30	(30.30)	8.51	41.37	(41.37)
GBP	(3.88)	(1.52)	1.52	6.02	29.29	(29.29)
EUR	3.57	0.35	(0.35)	2.94	14.31	(14.31)
XDR	4.49	6.04	(6.04)	6.33	30.76	(30.76)
JPY	6.51	0.24	(0.24)	8.03	39.05	(39.05)
SEK	1.43	0.01	(0.01)	4.57	22.20	(22.20)

Chairperson.............................

Name Keli Gadzekpo

Date 14/06/2018

Managing Director.............................

Name Ing. Samuel Boakye-Appiah

Date 14/06/2018