

ELECTRICITY COMPANY OF GHANA LIMITED



**FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2019**

ELECTRICITY COMPANY OF GHANA LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2019

TABLE OF CONTENTS	PAGE
Corporate Information	1
Report of the Directors	2
Statement of Directors' Responsibilities	3
Report of the Independent Auditors	4
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12

ELECTRICITY COMPANY OF GHANA LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2019

CORPORATE INFORMATION

Directors			Appointed on	Mandate Expired on
Mr. Keli Gadzekpo	-	Chairman	15-Aug-2017	
Mr. Samuel Boakye Appiah (Managing Director)	-	Member	05-Feb-2017	07-Nov-2019
Mr. Kwame Agyeman-Budu (Managing Director)	-	Member	07-Nov-2019	
Ing. (Mrs) Carlien Dorcas Bou-Chedid	-	Member	15-Aug-2017	
Mr. John Kojo Arkorful	-	Member	15-Aug-2017	
Mr. Odeneho Kwaku Appiah	-	Member	15-Aug-2017	
Alhaji Amadu Kaleem	-	Member	15-Aug-2017	
Hon. Matthew Nyindam	-	Member	15-Aug-2017	
Mad. Maataa Opare	-	Member	15-Aug-2017	
Ing. Bernard Sackey	-	Member	15-Aug-2017	
Secretary:	Mr Leonardo Lamptey			
Postal Address:	Electro-Volta House P O Box GP 521 Accra			
Auditor:	Ghana Audit Service Head office, Accra			
Bankers:	Ghana Commercial Bank Limited			
Local:	Merchant Bank (Ghana) Limited Ecobank Ghana Limited Societe Generale Ghana			
Foreign :	Ghana International Bank Plc London			

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2019

REPORT OF THE DIRECTORS

The directors have the pleasure in presenting the financial statements of the company for the year ended 31st December 2019 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

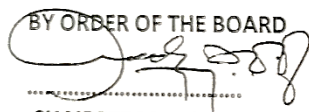
The operations for the year resulted in a net loss of GHS2,585.15 million before tax. The directors do not propose the payment of any dividend for the year.

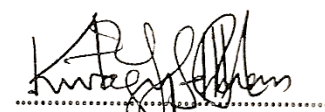
(d) Names of directors

Names of directors who have held office during the year are as listed on page 1.

(e) Auditor

In accordance with Section 139 (5) of the Companies Act 2019 (Act 992) Ghana Audit Service shall continue in office as the auditor of the company.

BY ORDER OF THE BOARD

CHAIRPERSON
Name: KEH GADZEKPO
Date: 22/04/2021


MANAGING DIRECTOR
Name: Kwame Agyeman-Budu
Date: 22/4/2021

ELECTRICITY COMPANY OF GHANA LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2019

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.



Electricity Company of Ghana (ECG)

Independent Auditor's Report to the Members of the Electricity Company of Ghana

Report on the Audit of the Electricity Company of Ghana's Financial Statements

Opinion

We have audited the accompanying financial statements of Electricity Company of Ghana Limited which comprise the statement of financial position as at 31st December 2019, statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes set out on pages 10 to 47.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company as at 31st December, 2019 and the comprehensive income and the statement of changes in equity Cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS), and in the manner required by the Companies Act 2019, (Act 992).

Basis for Opinion

We conducted our audit in accordance with International Standards for Supreme Audit Institutions. 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 *Electricity Company of Ghana* in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to our audit of the financial statements in Ghana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Directors Responsibilities for the Financial Statements

The Directors are responsible for the preparation of the Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in a manner required by the Companies Act 2019 (Act 992) and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are

free from material misstatement whether due to fraud or error. In preparing the Financial Statements, the Directors are responsible for assessing the company's ability to continue as a going concern disclosing as applicable, matters related to going concern and using the going concern basis of accounting, unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the company's Financial Reporting.

Auditor's Responsibility for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Financial Reporting Standards (IFRS), which is consistent with the Fundamental Auditing Principles (ISSAIs 100-999) of the International Standards for Supreme Audit Institutions, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Financial Reporting Standard (IFRS) which is consistent with the Fundamental Auditing Principles (ISSAIs 100-999) of the International Standards for Supreme Audit Institutions, we exercised professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the *Company's* ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the *Company* to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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


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

From the matters communicated with the Directors, we determine those matters that were most significant in the audit of the Company's Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless laws or regulations preclude public disclosures about the matter or when in extreme circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and Regulatory Requirements

The Companies Act, 2019 (Act 992) requires that in carrying out our audit 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 purpose of our audit;
- ii. in our opinion proper books of account have been kept by the Company and its Subsidiaries, so far as appears from our examination of those books; and
- iii. the Company's balance sheet (included in the Statement of Financial Position) and Profit and loss account (included in the Statement of Comprehensive Income) are in agreement with the books of account.



JOHN GODFRED KOJO ADDISON
ASST. AUDITOR-GENERAL/CAD
for: Ag. AUDITOR-GENERAL

22 April, 2021

ELECTRICITY COMPANY OF GHANA LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR

ENDED 31ST DECEMBER 2019

	Note	2019 GHS'000	2018 GHS'000
Revenue	1	7,282,559	5,905,776
Direct costs	2	(9,046,839)	(7,860,192)
Gross margin		(1,764,280)	(1,954,415)
Distribution costs	3	(280,166)	(297,460)
Administrative expenses	4	(341,277)	(505,105)
Other income	5	148,399	236,418
Other gains	6	-	-
Operating (Loss)/Profit		(2,237,323)	(2,520,562)
Finance income	7	9,229	25,087
Finance costs	8	(360,499)	(256,556)
Net finance costs		(351,270)	(231,469)
Share of profit / (loss) of associate	9	3,446	2,660
(Loss) / Profit before tax expense		(2,585,147)	(2,749,371)
Tax expense	10	49,906	482,902
(Loss)/Profit after tax		(2,535,241)	(2,266,469)
OTHER COMPREHENSIVE INCOME			
Surplus on revaluation	25	2,150,208	1,633,888
Deferred tax on revaluation surplus	25	(537,552)	(408,472)
		1,612,656	1,225,416
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(922,585)	(1,451,520)
Earning per share (EPS) in GHPs		(0.02)	(0.03)

ELECTRICITY COMPANY OF GHANA LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2019

	Note	2019 GHS'000	2018 GHS'000
ASSETS			
Non-current assets			
Property, plant & equipment	12	19,651,277	17,464,868
Investment	14	7,680	5,626
		19,658,957	17,470,494
Current assets			
Inventories	16	175,667	191,822
Trade and other receivables	17	5,398,684	2,829,997
Prepayments	18	87,893	87,739
Cash and cash equivalents	19	423,159	383,918
		6,085,403	3,493,476
Total assets		25,744,360	20,963,970
Equity attributable to the owners of the company			
Stated capital	21	5	5
Government equity	22	8,064	8,064
Other Government Equity	23	1,682,917	613,250
Other components of equity	24	248,793	312,904
Capital surplus	25	9,681,197	8,471,925
Income surplus	26	(3,566,549)	(1,434,691)
Total equity		8,054,427	7,971,457
Liabilities			
Non-current liabilities			
Deferred credit	27	746,280	692,978
Deferred tax liabilities	28(a)	2,986,031	2,498,385
Borrowings - due after one year	29 (a)	1,457,149	1,297,771
		5,189,461	4,489,135
Current liabilities			
Bank overdraft	20	51,651	166,628
Provision for company tax	27(c)	109,010	109,010
Trade and other payables	30	11,787,354	7,820,195
Borrowings - due within one year	29(b)	552,458	407,545
		12,500,472	8,503,378
Total liabilities		17,689,933	12,992,513
Total equity and liabilities		25,744,360	20,963,970

BY ORDER OF THE BOARD

CHAIRPERSON

Name:

Date:

KELU GADZEKPO

22/04/2021

MANAGING DIRECTOR

Name:

Date:

Kwame Agyeman-Budu

22/4/2021

ELECTRICITY COMPANY OF GHANA LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2019

	Stated capital	Gov't equity	Other Govt Equity	Other components of equity	Capital surplus	Income surplus	Total
	GHS'000	GHS'000	GHS'000	GHS'000	GHS'000	GHS'000	GHS'000
Balance at 1st January 2019	5	8,064	613,250	312,904	8,471,925	(1,434,691)	7,971,457
Loss for the year						(2,535,241)	(2,535,241)
Development finance			1,069,667	(64,111)			1,005,556
Share of associate in previous years							
Net revaluation surplus after tax					1,612,656		1,612,656
Transfer of depreciation charge on ppe out of revaluation surplus net of tax					(403,383)	403,383	-
Transfer to deferred tax							-
Share of other comprehensive loss from associate company							
Balance at 31st December 2019	5	8,064	1,682,917	248,793	9,681,197	(3,566,549)	8,054,427

	Stated capital	Gov't equity	Other Govt Equity	Other components of equity	Capital surplus	Income surplus	Total
	GHS'000	GHS'000	GHS'000	GHS'000	GHS'000	GHS'000	GHS'000
Balance at 1st January 2018	5	8,064	-	306,420	7,599,506	478,781	8,392,776
Loss for the year						(2,266,469)	(2,266,469)
Development finance				6,484			6,484
Share of associate in previous years							
Net revaluation surplus after tax					1,225,416		1,225,416
Transfer of depreciation charge on ppe out of revaluation surplus net of tax					(352,997)	352,997	-
Transfer to deferred tax			613,250				613,250
Share of other comprehensive loss from associate company							
Balance at 31st December 2018	5	8,064	613,250	312,904	8,471,925	(1,434,691)	7,971,456

ELECTRICITY COMPANY OF GHANA LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2019

	Note	2019 GHS' 000	2018 GHS' 000
Operating activities			
Net cash inflow from operating activities	31(a)	(50,039)	392,721
Investing activities			
Interest paid/cancelled		(48,602)	(9,255)
Interest received	7	9,229	25,087
Payments to acquire property, plant & equipment and towards capital work in progress	13a	(902,934)	(1,430,558)
Proceeds from sale of property, plant & equipment		-	-
Government/Customer contribution to property, plant & equipment		81,022	49,376
Net cash outflow towards investing activities		(861,286)	(1,365,350)
Financing activities			
Long term loan drawdowns/capitalization	28a	193,521	332,839
Long term loan repayments/transfers	28a	(133,533)	(16,690)
Long term loan equity(other Govt equity)		1,069,667	613,250
Development finance drawdown	23	(64,111)	8,535
Net cash inflow from financing activities		1,065,544	937,934
Increase (Decrease) in cash and cash equivalents in the year		154,219	(36,746)
Cash and cash equivalents at 1st January		217,290	254,036
Cash and cash equivalents at 31st December	32(b)	371,509	217,290

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (continued)

1.0 REPORTING ENTITY

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

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

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 AND 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 2019. Their application will however not have significant impacts on the company's financial statements.

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (continued)

Standard/ Interpretation	Content	Applicable for financial years beginning on/after
IFRS 16	Leases-Replacement of IAS 17 Leases	1 st January 2019

IFRS 9 Financial Instruments: Classification and Measurement

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

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

IFRS 15 Revenue from Contracts with Customers

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

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

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

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

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (continued)

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.

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (continued)

• 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:

Detail	%
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-CURRENT ASSETS

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

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (continued)

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 merchandise sold in the ordinary course of business. Trade receivables have a short anticipated term and therefore recognized initially at fair value and subsequently at nominal value, less provision for impairment.

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (continued)

2.9 CASH AND CASH EQUIVALENTS

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

2.10 FINANCIAL LIABILITIES INITIAL RECOGNITION

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

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

2.11 SUBSEQUENT MEASUREMENT OF FINANCIAL LIABILITIES

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

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.

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (continued)

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.

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (continued)

2.17 REVENUE RECOGNITION

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

2.18 FINANCE INCOME AND EXPENSES

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

2.19 INCOME TAX

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

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

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (continued)

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.

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (continued)

- **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 introduced a balance scorecard methodology as a strategic management system. Corporate strategies are linked to individual work plans against which staff are monitored continuously.

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE

YEAR ENDED 31ST DECEMBER 2019 (continued)

- **FINANCIAL/TREASURY RISKS**

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

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31ST DECEMBER 2019 (Continued)

REVENUE AND COST STRUCTURE	2019 GHS'000	2018 GHS'000
1 Revenue		
Sale of electricity	7,112,034	5,518,364
Public lighting levy	29,844	79,846
Govt. and cust. contribution amortisation	27,719	26,817
Street lighting shortfall recovery	106,869	257,769
Reconnection and meter maintenance fee	6,093	22,980
	7,282,559	5,905,776
2 Direct costs		
Power purchases	8,002,977	6,592,957
Transmission cost	206,197	386,570
Operations	42,039	106,467
Maintenance	126,767	168,888
Transport	13,617	32,876
Depreciation	655,243	572,433
	9,046,839	7,860,192
3 Distribution costs		
Direct distribution costs	146,089	174,085
Transport	2,829	11,850
Depreciation	131,247	111,525
	280,166	297,460
4 Administrative expenses		
Overhead expenses	278,080	431,969
Loss on sale of damaged and obsolete stock	312	4,293
Loss on sale of damage of fixed assets	29,395	15,690
Transport	8,460	28,329
Depreciation	25,030	24,824
	341,277	505,105
5 Other income		
Hiring/charging of company transport	10	17
Rent income	30	45
Other non-operating income	148,359	236,356
	148,399	236,418

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (Continued)

	Note	2019 GHS'000	2018 GHS'000
6 Other Gains			
Financial assets revaluation gain through profit & loss		-	-
7 Finance income			
Interest on short term investment & Loans		9,229	25,087
Foreign exchange gain(/loss): Sundries			
		9,229	25,087
8 Finance costs			
Interest on long-term borrowing		96,128	89,582
Foreign exchange loss:			
Long-term loans		244,303	99,960
Exchange loss capitalized		(62,532)	(2,627)
		181,771	97,333
Long-term interest creditors		42,534	(71,540)
Others		40,066	141,180
		264,371	166,973
		360,499	256,556
9 Share of (loss) profit of investment company			
11% share of (loss) profit of Nexans Kabelmetal Gh. Ltd.		2,312	3,546
Share of company tax		(578)	(887)
Dividend income		1,712	
		3,446	2,660
10 Tax on profit on ordinary activities			
Deferred tax expense			
Provision of 25% tax on profit			-
(Increase)/Reduction in deferred tax assets in the year	27(a)iii	56,697	(413,129)
Origination/reversal of temporary differences	27(b)	(106,603)	(69,773)
		(49,906)	(482,902)
11 Loss/Profit for the year			
The loss for the year is stated after charging:			
Depreciation of fixed assets in service		811,521	708,781
Salaries and wages		191,291	495,794
Auditor's remuneration		250	220
Board remuneration		591	946.62

ELECTRICITY COMPANY OF GHANA LIMITED

PROPERTY, PLANTS AND EQUIPMENT SCHEDULE--2019

COST	Balance As At 01-Jan-19	Revaluation Uplift	Additions During The Year	Deletions/ Transfers During The Year	Balance As At 31-Dec-19
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Subtransmission	6,195,017	988,565	53,673	23,953	7,213,302
Distribution	11,944,857	1,907,437	53,189	12,568	13,892,915
Land and Building	710,168	85,048	6,651	-	801,867
General Tools	72,150	11,966	5,750	-	89,866
Fixtures and Fittings	101,537	20,319	51,703	-	173,559
Meters	1,863,148	302,279	67,460	2,418	2,230,469
Tansport	207,905	32,982	10,630	6,435	245,082
Computers Software/ LAN	112,235	17,902	-	-	130,137
	21,207,016	3,366,498	249,056	45,374	24,777,196
DEPRECIATION	Balance As At 01-Jan-19	Revaluation Backlog	Depreciation Charge For The Year	Deletions/ Transfers During The Year	Balance As At 31-Dec-19
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Subtransmission	2,315,950	368,994	201,572	2,509	2,884,008
Distribution	4,299,581	685,260	423,065	3,281	5,404,625
Land and Building	151,576	18,068	12,692	-	182,336
General Tools	50,404	8,039	5,107	-	63,550
Fixtures and Fittings	55,180	8,801	24,906	-	88,888
Meters	538,858	85,714	108,411	2,135	730,849
Tansport	154,345	23,694	34,974	5,793	207,221
Computers Software/ LAN	111,095	17,720	793	-	129,608
	7,676,990	1,216,291	811,521	13,717	9,691,084
NET BOOK VALUE	13,530,026				15,086,112
Capital Works in Progress	3,934,841				4,565,165
	17,464,867				19,651,277

ELECTRICITY COMPANY OF GHANA LIMITED
**NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2019(Continued)**

		2019 GHS'000	2018 GHS'000
13a	Capital work in progress		
	Balance at 1st January	3,934,841	3,066,375
	Additions during the year less exchange loss capitalised	902,934	1,430,558
	Exchange loss capitalized	(23,874)	(2,627)
	Transfers to PPE in service during the year	(249,056)	(559,465)
	Balance at 31st December	4,564,845	3,934,841
13b	Capital work-in-progress by category		
	Development jobs	2,596,443	1,738,903
	Inventories reclassified project materials under cwip	1,465,331	1,189,107
	Civil Works	365,986	314,594
	Rechargeable Jobs	137,405	692,237
		4,565,165	3,934,841
14	Investment		
	Equity investment in a company		
	Balance at 1st January	5,626	2,966
	Understated share of equity interest as at Dec. 2009		
	Dividend received	-	-
	Share of loss/(profit) less company tax	1,728	2,188
	Share of other comprehensive Income	6	472
	Balance at 31st December	7,360	5,626
	This represents 12% equity interest in Nexans Kabelmetal as at 2016 year end.		
15	Advances & loans		
	Opening/transfer from capital work-in-progress	-	30,360.00
	Revaluation loss	-	(30,360.00)
		-	-
	This represents IDA .. Loan to GoG sub-lent to ECG and the latter subsequently sub-lent part to GRIDCO		
16	Inventories		
	Electrical materials	71,936.28	68,214.87
	Mechanical materials	9,964.84	8,724.16
	Materials-in-transit and others	98,027.96	119,201.11
			196,140.14
	Provision for damaged, slow moving and obsolete stocks	(4,262)	(4,318)
		175,667	191,822
17	Trade and Other receivables		
	Customer balances	1,034,616	1,871,909
		-	212,694
	Total Customer Balances	1,034,616	2,084,603
	Street lighting shortfall recovery - GoG	-	364,225
	Government subsidies	-	306,619
	Other trade debtors	67,191	4,908
	ECG Receivables in PDS	4,231,077	-
	Staff loans and advances*	65,800	69,642
		5,398,684	2,829,997

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2019 (Continued)**

	2019 GHS'000	2018 GHS'000
18 Prepayments		
Advanced mobilization to suppliers/contractors	87,893	87,739
19 Cash and cash equivalents		
Bank balances	359,732	273,161
Cash on hand	-	5
Treasury bills	15,719	13,178
Fixed deposits	47,709	97,573
	423,159	383,918
20 Bank overdraft		
Merchant Bank Ghana Limited	15,659	39,995
GCB Bank Ghana Limited		39,086
Ecobank Ghana Limited	8,117	31,860
GIB Bank	8,452	-
Fidelity Bank	13,202	25,979
1st Atlantic Bank		366
Other overdrawn accounts	6,220	29,342
	51,651	166,628
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
	8,064	8,064
23 Other Government Equity		
Government assistance to ECG in the form of direct payments to power producers & fuel companies	1,682,917	613,250
24 Other components of equity		
Balance at 1st January	312,904	306,420
Additions during the year - development finance	-	6,484
Adjustments	(64,111)	-
Balance at 31st December	248,793	312,904

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (Continued)

	2019	2018
	GHS'000	GHS'000
25 Capital surplus		
Balance at 1st January	8,471,925	7,599,506
Surplus on revaluation of fixed assets in the year	2,150,208	1,633,888
Transfer to deferred tax on recognised surplus in the year	(537,552)	(408,472)
	10,084,581	8,824,922
Transfer to income surplus account re-depreciation charge	(403,383)	(352,997)
Transfer to deferred tax re-depreciation charge	-	-
Balance at 31st December	9,681,197	8,471,925
26 Income surplus		
Balance at 1st Jan	(1,434,691)	478,781
(Deficit)/surplus for the year after tax	(2,535,241)	(2,266,469)
Direct transfer from capital surplus net of tax	403,383	352,997
Balance at 31st December	(3,566,549)	(1,434,691)
27 Deferred credit		
(a) Government contribution		
Balance at 1st Jan	426,826	411,411
Additions during the year	60,714	31,871
	487,540	443,282
Amount transferred to income statement	(17,073)	(16,456)
Balance at 31st December	470,467	426,826
(b) Customer contributions		
Balance at 1st Jan	266,152	259,007
Additions during the year	20,308	17,505
	286,460	276,512
Amount transferred to income statement	(10,646)	(10,360)
Balance at 31st December	275,814	266,152
Total	746,280	692,978

ELECTRICITY COMPANY OF GHANA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2019 (Continued)**

		2019 GHS'000	2018 GHS'000
28	Deferred tax liabilities		
28(a): (i)	Property, plant and equipment		
	Balance at 1st January	2,926,365	2,587,666
	Recognised in income during the year	430,949	338,699
	Balance at 31st December	3,357,314	2,926,365
(ii)	Direct transfer from capital surplus		
	Balance at 1st January	85,602	85,602
	Transfer during the year	-	-
	Balance at 31st December	85,602	85,602
(iii)	Deferred tax assets		
	Balance at 1st January	(513,582)	(100,453)
	(Increase)/Reduction in deferred tax assets in the year	56,697	(413,129)
	Balance at 31st December	(456,885)	(513,582)
	Total	2,986,031	2,498,385
28(b)	Movement related to revaluation, origination and reversal of temporary differences.		
	Deferred tax liability due to mismatch of bases	3,357,314	2,926,365
	Opening deferred tax	(2,926,365)	(2,587,666)
	Deferred tax for the year	430,949	338,699
	Deferred tax attributable to revaluation	(537,552)	(408,472)
	Deferred tax income/(expense) related to the origination/reversal of temporary differences	(106,603)	(69,773)

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2019 (Continued)

28(c) Taxation payable

Income tax		Balance 1/1/2018	Payments during the year	Charged to P & L account	Balance at 31/12/2018
		GHS'000	GHS'000	GHS'000	GHS'000
	2008	(5,655)	-	(5,655)	(5,655)
	2009	(5,655)	-	-	(5,655)
	2010	(18,497)	-	-	(18,497)
	2011	(18,497)	-	-	(18,497)
	2012	(18,497)	-	-	(18,497)
	2013	(18,497)	-	-	(18,497)
	2014	(18,497)	-	-	(18,497)
	2015	(18,497)	-	-	(18,497)
	2016	(18,497)		(90,513)	(109,010)
	2017	(109,010)		-	(109,010)
	2018	(109,010)		-	(109,010)
	2019	(109,010)		-	(109,010)

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

28(d) Reconciliation with effective tax rate

	2019 GHS'000	2018 GHS'000
Profit/(Loss) before taxation	(2,585,147)	(2,749,371)
Income tax using domestic tax rate (25%)	-	-
Deferred tax	(49,906)	(482,902)
Current tax charge	(49,906)	(482,902)
Effective tax rate	25	25

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (Continued)

29(a): BORROWINGS	Balance as at 01/01/19 GHS'000	Drawdown GHS'000	Repayment GHS'000	Exchange difference GHS'000	Balance as at 31/12/19 GHS'000
IDA 2467	97,596	-	-	15,589	113,185
IDA 2682-I-GH DSUP	-	-	-	-	-
IDA 4356-GH	291,977	-	-	46,637	338,614
IDA 4730	314,186	477	-	49,267	363,930
NDF 80	25,810	-	-	4,122	29,932
2ND BULK SUPPLY POINT	515	-	-	52	567
KFW NO. 9866070GH	21,730	-	-	2,751	24,481
CGH101201A(CFD-INV)	10,042	-	-	1,271	11,313
SCADA PROJECT LOAN	-	-	-	-	-
CHIRANO LOAN	1,369	-	(370)	203	1,202
WESTERN DIAMOND LOAN	5,064	-	(1,938)	750	3,876
AfDB LOAN	96,969	-	-	14,359	111,328
ADF LOAN 2100150030894	69,361	7,392	-	10,271	87,024
IDA CR NO. 56290	18,748	132,652	-	2,994	154,394
MIN OF FINANCE/CAL BANK LOAN	385,792	-	-	57,128	442,920
GCB BANK LTD	40,000	-	(40,000)	-	-
GT BANK	10,000	53,000	(37,825)	-	25,175
FIRST ATLANTIC BANK	13,333	-	(13,333)	-	-
ECOBANK	40,067	-	(40,067)	-	-
BXC	262,757	-	-	38,909	301,666
	1,705,316	193,521	(133,533)	244,303	2,009,607
Less:					
Due within one year	(407,545)				(552,458)
Due after one year	1,297,771				1,457,149

29(b): Due within one year	Balance at 01/01/2019	Balance at 31/12/2019
Loan		
IDA 2467	97,596	113,185
IDA 4356-GH	113,170	161,345
IDA 4730	101,183	149,733
KFW NO. 9866070GH	9,313	11,657
NDF 80	25,810	29,933
2ND BULK SUPPLY POINT	515	568
SCADA LOAN	-	-
AfDB Loan	2,421	5,006
MOF SPECIAL LOAN	48,224	44,292
WESTERN DIAMONDS	1,688	1,938
GT BANK	-	25,175
CGH 1012 01A (CFD-INV)	7,303	9,256
CHIRANO LOAN	322	370
	407,545	552,458

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (Continued)

	2019 GHS'000	2018 GHS'000
29(c): Interest on long-term borrowings		
(i) IDA 2467	8,602	7,417
(ii) IDA 2682-I-GH	-	-
(iii) IDA 4356-GH	17,947	15,475
(iv) IDA 4730	19,312	16,652
(v) KFW NO. 9866070GH	734	652
(vi) CGH 101201A (CFD-INV)	311	276
(vii) AfDB loan	1,113	970
(viii) Chirano loan	37	32
ix) Western Diamond	394	478
X) BXC	11,433	9,223
xi) GCB LTD	1,464	-
xii) GT BANK	1,850	-
xiii) 1ST ATLANTIC BANK	322	-
xiv) ECOBANK	2,005	-
xi) Min of Finance SP Loan	31,097	38,407
	96,621	89,582

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (continued)

Note 29 (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 relented to ECG and Volta River Authority. ECG's portion of SDR29,135,000 which has been increased to SDR29,400,000 is to finance the National Electrification Project. The loan is repayable in equal semi-annual instalments from June 1998 to December 2013. Interest is at the rate of 7.6% per annum on the outstanding loan balance payable 15th June and 15th December each year.

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

ii IDA 2682-1-GH DSUP

The IDA 2682-1-GH was granted to the Government of Ghana in 2004 and relented 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 to the Government of Ghana.

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

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

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.

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (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 29 (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 relented 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 ADF LOAN**
This is a loan facility that the Government of Ghana on lent to ECG from the African Development Fund to carry out a Project amounting to UA28.6 million (equivalent of \$42.9 million). ECG shall repay
to the Government the principal amount of the On lent loan over a period of 40 years in equal semi annual instalments payable semi annually on each 1st April and 1st October commencing from 1st October commencing from 1st October 2046 to 1st April 2065
- xiii IDA NO 56290**
This credit facility is an additional loan from the International Development Association (IDA) of SDR 45.7M granted to the Government of Ghana on the 11th October, 2016 and relented to ECG. The purpose of the loan was to assist the government in improving the operational efficiency of the electricity distribution system and increase the population access to electricity and transitioning the country to a low carbon economy through the reduction of greenhouse gas emissions

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019 (continued)

The loan is repayable in semi-annual instalments from June 15th, 2020 to 15th December 2039
Interest is 1.25% per annum on the outstanding balance

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

xiv MINISTRY OF FINANCE/CAL BANK LOAN

This is a subsidiary loan of \$80,000 from the Government of Ghana to Electricity Company of Ghana. The loan agreement which was signed on the 30th December 2016 was used to procure Smart Prepayment Meters and Accessories for ECG operations
ECG shall pay the loan over a period of 10 years in 40 equal quarterly instalment starting from 30th December 2017 to 30th September 2027 at an interest rate of 8.5% per annum

xiv 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.

xv SHORT TERM DIRECT BANK LOANS

ECG contracted short term loans from GCB Bank Ltd (Gh¢40m), GT Bank(Gh¢10m), First Atlantic Bank(Gh¢20m) and Ecobank (Gh¢48.08m)

These short loans were facilities to finance that were part of a credit line approved by the board for ECG operations.

The loans were contracted in October 2018, and ECG is expected to finish paying the loan by the end of December 2019

	2019 GHS'000	2018 GHS'000
30 Trade and other payables		
Power purchases & transmission charges	8,843,560	5,913,559
Trade creditors	878,460	370,557
Other creditors	1,225,175	1,210,399
PDS revenue receipts in ECG	423,926	-
Interest creditors	410,847	320,294
Emergency power producers	5,386	5,386
	11,787,354	7,820,195

31 Capital commitments

At the balance sheet date, there were capital commitments totalling GHS1,732 million which have not been provided for in the financial statements.

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (Continued)

	2019 GHS'000	2018 GHS'000
32(a) Reconciliation of net loss before tax to net cash inflow (outflow) from operating activities		
Net profit / (loss) for the year	(2,585,147)	(2,749,371)
Depreciation	811,521	708,781
Customer contributions amortisation	(10,646)	(10,360)
Gov't contributions amortisation	(17,073)	(16,456)
Other gains on advances & loans	-	-
Exchange (gain) loss on long-term loans and interest creditors	224,305	71,540
Decrease (increase) in stocks	16,155	(111,918)
(Increase) decrease in trade and other debtors	(2,569,007)	1,194,062
(Increase) decrease in prepayments	(154)	(44,747)
Increase in trade and other payables	3,967,159	1,289,355
(Profit)/ loss on disposal of assets	29,395	-
Share of associate loss/ (profit)	(3,446)	(2,660)
Interest expense	96,128	89,582
Interest income	(9,229)	(25,087)
	(50,039)	392,721
32(b) Analysis of changes in cash and cash equivalents		
Balance at 1st January	217,290	254,036
Net cash inflow (outflow)	154,219	(36,746)
Balance at 31st December	371,509	217,290
32(c) Analysis of cash and cash equivalents as shown in the balance sheet		
	2019 GHS'000	2018 GHS'000
Cash at bank and on hand	359,732	273,166
Short-term investments	63,427	110,751
Bank overdraft	(51,651)	-
	371,509	383,918

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (continued)

34(a) POWER SECTOR REFORMS

As part of the Government of Ghana's (GoG) Power Sector Reforms to improve efficiency, and strengthen the Governance and Management of Electricity Company of Ghana Ltd (ECG), under the aegis of Millennium Development Authority (MDA) and Government of Ghana (GoG) acting through the Ministry of Finance and Energy, has opted for a concessionaire to Operate, Manage and Invest in the Electricity Company of Ghana for 20 years.

Under this arrangement, the entire assets and business operation of ECG was taken over by Power Distribution Services (PDS) Ghana Limited, a Ghana-registered Company effective 1st March 2019.

PDS was the Electricity Distribution System Licensee for the Southern Distribution Zone during the period 1st March 2019 till 23rd October 2019

PDS was the Electricity Sale Licensee for the Southern Zone during the period 1st March 2019 till 31st July 2019.

The Energy Commission suspended the operations of PDS on the 31st July 2019.

ECG finally terminated the PSP Transaction Agreement on the 23rd October 2019

ECG has been the Electricity Distribution System Licensee and the Electricity Retail Sale Licensee for the Southern Distribution Zone during the period from 24th October 2019 to date

The whole concession arrangements were grounded on the following agreements;

- (1) The Lease and Assignment Agreement dated 3 July 2018, as amended by Amendment No. 1 dated on or about the date hereof (the "**LAA**") between Electricity Company of Ghana Limited ("**ECG**") and Power Distribution Services Ghana Limited ("**PDS**");
- (2) the Bulk Supply Agreement dated 3 July 2018, as amended by Amendment No. 1 dated on or about the date hereof (the "**BSA**") between ECG and PDS;
- (3) the Government Support Agreement dated 3 July 2018, as amended by Amendment No. 1 dated on or about the date hereof (the "**GSA**") between the Republic of Ghana ("**Ghana**") and PDS;
- (4) the Transmission Service Agreement dated on or about the date hereof between PDS and Ghana Grid Company Limited ("**GRIDCo**");

the letter agreement among Ghana, ECG, GRIDCo, and PDS dated 1 March 2019 regarding arrangements for proceeding with Transfer Date without issuance of a Major Tariff Review Decision (the "**CP4 Letter Agreement**");

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (continued)

34(b) ACCOUNTING FOR SALES DURING THE PERIOD OF THE CONCESSION

The period of the concession covered from 1st March 2019 to 23rd October, 2019. The period precedent from and subsequent to relates to ECG, and covers four (4) months namely January, February, November and December 2019.

Sales Revenue for ECG was therefore related to these four months, and the treatment of Power purchases invoiced to PDS by Restructured ECG.

34(c) ACCOUNTING FOR PURCHASES DURING THE PERIOD OF THE CONCESSION

During the period of the concession, Restructured ECG dealt directly with the Power Producers, and so was purchasing Power from the Power Producers. The Power producers, except GRIDCO were invoicing Restructured ECG during the period of the concession.

The Power Purchases cost that was related to ECG was the power purchase cost for the year 2019. Transmission cost relates to only four months namely January, February, November and December 2019.

34(d) TREATMENT OF TRANSACTIONS INVOLVING RESTRUCTURED ECG AND PDS

During the period of the concession, transactions that relates to both Restructured ECG and Power Distribution Services (PDS) were treated as receivables and payables in the books of both entities.

34(e) 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:

Detail	2019	2018
	GHSm	GHSm
Opening balance	2,643	435
Additions	270	8,334
2019 Adjustment	-	1,374
Closing balance	2,913	2,643

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (continued)

35 Business Performance Risk

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

Measures being carried out to reduce the systems losses include metering of all substations to accurately determine the percentage losses between technical and commercial losses. Thereafter interventions will be intensified in areas identified with high losses. Again, Regional Boundary Metering (including all installations at critical nodes) , replacement of faulty and overaged meters with Smart prepayment meters, effective mapping of customer points to improve meter reading, and reduce estimated bills to customers.

System losses currently recorded are as follows:

Details	2019	2018
	GWhs	GWhs
Power purchased	11,538.67	10,900.55
Power sold	8,688.62	8,251.47
System losses	2,850.05	2,649.08
System losses %	24.70	24.30

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (continued)

36 Financial Instruments and Financial Risks

Overview of Financial Risk Management

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

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

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

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

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

36(a) *Credit risk*

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

- ***Trade receivables***

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

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (continued)

- ***Allowance for impairment***

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

- ***Exposure to credit risks***

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

Description	2019	2018
	GHSm	GHSm
Trade & other receivables	5,399	2,848
Cash & cash equivalents	372	379
Total	5,771	3,227

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (continued)

- **Impairment losses**

The aging of trade receivables at the reporting date was:

Description	2019			2018		
	Gross amount receivable	Impairment	Net amount receivable	Gross amount receivable	Impairment	Net amount receivable
	GHSm	GHSm	GHSm	GHSm	GHSm	GHSm
Not past due	463.46	-	463.46	1,053.19	-	1,026.83
Past due <30 days	48.29	0.97	47.33	74.40	1.16	73.25
Past due 30-120 days	206.58	10.33	196.25	212.59	8.27	204.32
Past due >120 days	180.07	18.01	162.06	380.11	31.23	348.88
Past due by more than one year	194.75	29.21	165.54	462.79	53.99	408.80
Total	1,093.14	58.51	1,034.63	2,181.36	96.60	2,084.62

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

Impairment	2019	2018
	GHSm	GHSm
Balance at 1 st January	96.0	135.0
Impairment (loss)/gain recognized	(38.2)	(40.0)
Balance at 31st December	57.8	96.0

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (continued)

36(b) *Liquidity risk*

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

The following are contractual maturities of financial liabilities:

December 2019

Non-derivative financial liability	2019	2018
	GHSm	GHSm
Trade and other payables	11,787	7,820
Current portion of long-term borrowing	552	408
Balance at 31st December	12,339	8,228

December 2018

Non-derivative financial liability	2018	2017
	GHSm	GHSm
Trade and other payables	7,820	5,990
Current portion of long-term borrowing	408	294
Balance at 31st December	8,228	6,284

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (continued)

36(c) Market risk

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

- **Currency risk**

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

2019

Description	USD'M	GBP'M	EUR'M	XDR'M	JPYM	SEK'M
Cash & cash equivalents	4.18	0.04	0.23	-	-	-
Trade receivables	4.89	-	-	-	-	-
Long term borrowings	(171.23)		(5.76)	(126.63)	-	(0.96)
Other trade creditors	(787.95)	(71.84)	(40.69)	-	-	-
Gross exposure	(950.11)	(71.80)	(46.22)	(126.63)	-	(0.96)

2018

Description	USD'M	GBP'M	EUR'M	XDR'M	JPY'M	SEK'M
Cash & cash equivalents	4.27	0.28	0.90	-	-	-
Trade Receivables	9.01	-	-			
Long term borrowings	(2,084.55)	(0.04)	(10.23)	(186.61)	-	(0.96)
Other trade creditors	(146.06)	(72.74)	(26.60)	-	-	
Gross exposure	(2,217.33)	(72.50)	(35.93)	(186.61)	-	(0.96)

ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (continued)

The following significant exchange rates applied during the year:

Currency Year	Average rate		Reporting rate	
	2019	2018	2019	2018
USD 1	5.2175	4.6011	5.5337	4.8224
GBP 1	6.6619	6.1152	7.3164	6.1746
EUR 1	5.8345	5.4171	6.2114	5.515
XDR 1	7.352	6.6511	7.8974	6.8097
JPY 1	0.0481	0.0417	0.051	0.0438
SEK 1	0.5652	0.5258	0.5937	0.539

- ***Sensitivity analysis on currency risk***

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

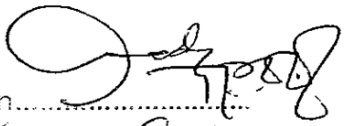
A strengthening/ weakening of GHS, by the rates shown in the table, against the following currencies at 31st December have increased/decreased equity and income statement by the amounts shown below.

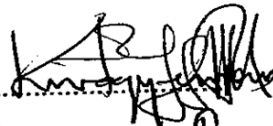
ELECTRICITY COMPANY OF GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 (continued)

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

31-Dec		2019			2018	
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	5.71	54.25	(54.25)	4.59	101.78	(101.78)
GBP	8.95	6.43	(6.43)	0.96	0.7	(0.7)
EUR	6.07	2.81	(2.81)	1.78	0.64	(0.64)
XDR	6.91	8.75	(8.75)	2.33	4.35	(4.35)
JPY	5.69	-	-	4.79	-	-
SEK	4.8	0.05	(0.05)	2.45	0.02	(0.02)

Chairperson.....
Name.....KEN GABEIKPO
Date.....22/04/2021

Managing Director.....
Name.....Kwame Ayemom-Budh
Date.....22/04/2021