

BUI POWER AUTHORITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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Corporate Information

Directors

Name	Position
Hon. J. Asiedu-Nketia	Board Chairman (appointment effective 24 January 2014)
Mr. J. Amissah Arthur	Chief Executive Officer
Mrs. Theresa Nyarko Fofie	Member
Hon. Joseph Akati Saaka	Member
Mr. Kwame Twum Bofo	Member (appointment effective 24 January 2014)
Hon. Kwasi A. Gyan-Tutu	Member (appointment effective 24 January 2014)
Dr. Kofi Nketsia Afful	Member (appointment effective 24 January 2014)
Hon. I. K. Agyei Mensah	Replaced as Board Chairman effective 24 January 2014
Ms. Magaret Agoe Owusu	Resigned as Member effective 31 May 2012
Mr. Joseph Sowa-Okpoti	Replaced as Member effective 24 January 2014

Registered office

9 Carrots Lane
East Legon
Accra

Auditor

PricewaterhouseCoopers
Chartered Accountants
No. 12 Airport City
UNA Home, 3rd Floor

Bankers

Zenith Bank Ghana Limited
Ecobank Ghana Limited
Agricultural Development Bank
Ghana Commercial Bank

Solicitors

Yeboah Lex Co. Ltd
P.O. Box CT 2648
Cantonments
Accra

REPORT OF THE GOVERNING BOARD

The Governing Board submits its report and the audited financial statements of Bui Power Authority for the year ended 31 December 2013.

Statement of board responsibilities

The Governing Board is responsible for the preparation of the financial statements for each financial year, which gives a true and fair view of the state of affairs of the Authority. In preparing these financial statements, the Governing Board has selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed Ghana Accounting Standards.

The Governing Board is responsible for ensuring that the Authority keeps proper books of account and accounting records that disclose with reasonable accuracy at any time the financial position of the Authority. The Governing Board is also responsible for safeguarding the assets of the Authority and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The main activities of the Authority are to plan, execute and manage the Bui Hydroelectric Project so as to augment power supply of Ghana.

Results

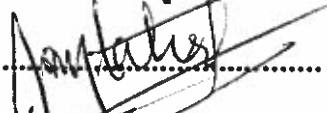
The Bui Hydroelectric Dam was commissioned in December 2013. The financial statements of the authority comprise only a balance sheet and other disclosure notes. The total value of work certified at the end of December 2013, net of pre-production revenue was US\$626,203,209. There is no profit and loss account as the dam had not commenced commercial operations.

Auditor

PwC was appointed by the Auditor-General of the Republic of Ghana in pursuance of article 187(2) of the 1992 Constitution to conduct the audit of Bui Power Authority for the year ended 31 December 2013. Their reappointment is by the mandate of the Auditor-General.

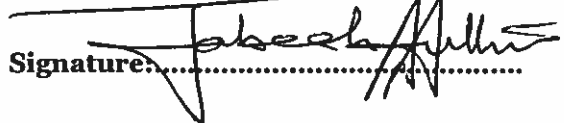
By order of the Board

Name of Director:.....HON. J. A. NINETA.....

Signature:..........

Date:.....10/11/2013.....

Name of Director:.....JABECH AMUSAH - ARTHUR.....

Signature:..........

REPORT OF THE INDEPENDENT AUDITOR TO THE AUDITOR GENERAL

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Bui Power Authority set out on pages 5 to 12. These financial statements comprise the Balance Sheet as at 31 December 2013 and a summary of significant accounting policies and other explanatory information.

Responsibility of the Governing Board for the financial statements

The Governing Board is responsible for the preparation of financial statements that give a true and fair view in accordance with Ghana Accounting Standards and with the requirements of the Bui Power Authority Act, 2007 (Act 740) and for such internal control, as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

REPORT OF THE INDEPENDENT AUDITOR TO THE AUDITOR GENERAL (continued)

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Bui Power Authority as at 31 December 2013 in accordance with Ghana Accounting Standards.



PricewaterhouseCoopers (ICAG/F/028)

Chartered Accountants

Signed by: Michael Asiedu-Antwi (ICAG/P/1138)

Accra, Ghana

11 November 2015

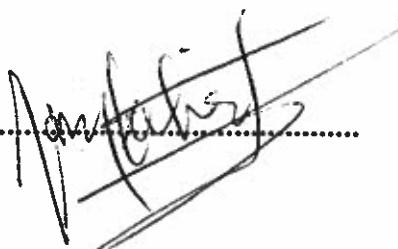


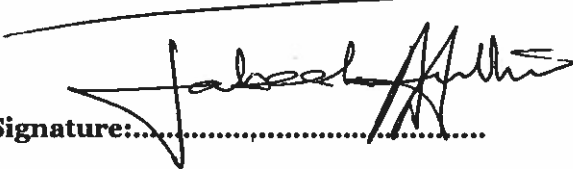
BALANCE SHEET AS AT 31 DECEMBER 2013

	Notes	US\$ 2013	US\$ 2012
Assets			
Capital Work In Progress	2	626,203,209	574,724,109
Advance Payment	3	-	2,948,599
Prepaid Insurance	4	29,601,123	25,000,000
Accounts Receivable	5	42,283,025	-
Cash and Cash Equivalents	6	<u>91,992,780</u>	<u>-</u>
		<u>790,080,137</u>	<u>602,672,708</u>
Liabilities			
Accounts Payable	7	-	63,043,331
Investment by Government of Ghana (GoG)	8	<u>790,080,137</u>	<u>539,629,377</u>
		<u>790,080,137</u>	<u>602,672,708</u>

The financial statements on pages 5 to 12 were approved by the Governing Board on2015 and signed on its behalf by:

Name of Director: HON. J. A. NKETIA Name of Director: JABESH AMISAH-ARTAH

Signature: 

Signature: 

NOTES

(All amounts in the notes are expressed in US\$ unless otherwise stated)

1. Accounting policies

The principal accounting policies adopted by the Authority and used in the preparation of these Financial Statements are stated below:

a. Basis of accounting

These financial statements have been prepared under the historical cost convention and in accordance with Ghana Accounting Standards.

b. Functional and presentational currency

The financial statements are presented in US Dollars (US\$) which is the functional currency of the Authority. This is because the contract price is denominated in US dollars and Interim Payment Certificates (IPCs) are raised by the contractor in US\$. Payments are effected in US\$.

c. Foreign currency translations

Transactions denominated in a currency other than United States Dollars are translated into United States Dollars using the exchange rates prevailing at the date of transactions. Monetary assets and liabilities denominated in a currency other than United States Dollars are also translated into United States Dollars using the exchange rate at the reporting date.

d. Capital Work In Progress (CWIP)

Capital Work In Progress represents the total amount of work certified by Bui Power Authority as at the balance sheet date on the Bui Hydroelectric Project. The work certified is measured on a historical cost basis based on amounts included in the IPCs by the contractor and approved by BPA.

NOTES (continued)

(All amounts in the notes are expressed in US\$ unless otherwise stated)

e. Advance payment

Advance payment is an interest-free loan for mobilization and design, paid to the contractor upon submission of a guarantee in accordance with the EPC turnkey contract. It represents 15% of the contract price excluding provisional sums. The advance is recovered from future payments certificates in respect of work certified. The recoveries commenced when the total of the schedule of payment (SOP) excluding provisional sums exceeded 30% of the Contract Price less provisional sums. Deductions are made at a rate of 25% of the amount of SOP excluding provisional sums of each payment certificate. The advance was fully recovered when payment of SOP excluding provisional sums reached 90% of the Contract Price less provisional sums.

f. Prepaid insurance

This represents insurance on the buyer's credit facility taken by the Government of Ghana from Exim Bank of China in accordance with article 10.1 of the buyer's credit loan agreement.

g. Accounts receivable

Receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest rate method. Accounts receivable are reported at the amount expected to be paid, less bad debts which are assessed individually. Accounts receivable have a short anticipated term and are therefore valued at a nominal amount without discounting.

h. Cash and cash equivalents

Cash and Cash equivalents in the balance sheet comprise cash at bank and cash on hand.

i. Accounts payable

This represents the amount payable to the contractor for work certified but not paid by the Government of Ghana. It is measured at the face value of approved interim payment certificates.

NOTES (continued)

(All amounts in the notes are expressed in US\$ unless otherwise stated)

j. Investment by the Government of Ghana

This represents the total investment in the project by the Government of Ghana (GoG) and comprises advance payments made by GoG to the contractor, prepaid insurance, retention and the liability incurred by GoG on the construction of the dam as a result of draw-downs from the concessionary loan and buyer's credit loan with Export-Import (EXIM) Bank of China.

The portion attributable to the loan agreement is recognized based on Irrevocable Notices of Drawdown that have been prepared by the Ministry of Finance and Economic Planning and forwarded to the EXIM Bank.

2. Capital Work In Progress (Work Certified)

	US\$ 2013	US\$ 2012
Schedule of payment excluding provisional sum	524,031,666	465,335,429
Provisional sum	39,442,382	30,115,795
Price contingency	<u>96,218,568</u>	<u>79,272,885</u>
Work certified	<u>659,692,616</u>	<u>574,724,109</u>
Pre-production revenue	<u>(33,489,407)</u>	-
Work certified (net)	<u>626,203,209</u>	<u>574,724,109</u>

The provisional sum includes an amount for employer's engineering and administration costs (schedule 17.07). BPA requests for funds from the contractor from this schedule based on forecast expenditure. The total amount received by Bui Power Authority as at the reporting date from the contractor to cover employer's engineering and administration cost was US\$28,611,685.

In line with the requirements of Ghana Accounting Standards, pre-commissioning income of US\$ 33,489,407 representing power sales to Electricity Company of Ghana during year 2013 was set-off against Capital Work In Progress

NOTES (continued)

(All amounts in the notes are expressed in US\$ unless otherwise stated)

3. Advance payment

	Up to 2012	During 2013	Up to 2013
As at 1 January	79,752,021	-	79,752,021
Addition during the year	<u>300,000</u>	<u>-</u>	<u>300,000</u>
	80,052,021	-	80,052,021
Less: recovery of advance	<u>77,103,422</u>	<u>2,948,599</u>	<u>80,052,021</u>
	<u>2,948,599</u>	<u>(2,948,599)</u>	<u>-</u>

4. Prepaid insurance

	US\$	US\$
	2013	2012
Original Insurance amount	25,000,000	25,000,000
Additions	<u>4,601,123</u>	<u>-</u>
Total Insurance	<u>29,601,123</u>	<u>25,000,000</u>

5. Accounts Receivable

The amount receivable from Electricity Company of Ghana (ECG) represents power sales during 2013, considered as pre-commissioning revenue and adjusted against CWIP. An amount of US\$ 17,836,422, was receivable from Sinohydro as per Supplementary Agreement No. 6.

	US\$	US\$
	2013	2012
Receivables from ECG	24,446,593	-
Receivables from Sinohydro	<u>17,836,432</u>	<u>-</u>
	<u>42,283,025</u>	<u>-</u>

NOTES (continued)

(All amounts in the notes are expressed in US\$ unless otherwise stated)

6. Cash And Cash Equivalents

	US\$ 2013	US\$ 2012
Cash balance from power sale	9,042,814	-
Joint account balance	<u>82,949,966</u>	<u>-</u>
	<u>91,992,780</u>	<u>-</u>

7. Accounts payable

	US\$ 2013	US\$ 2012
Interim payment applications certified		
Schedule of payments (excluding provisional sum) [note 2]	524,031,666	465,335,429
Provisional sum (Note 2)	39,442,382	30,115,795
Price escalation (Note 2)	<u>96,218,568</u>	<u>79,272,885</u>
Total certified	659,692,616	574,724,109
Less: recovery of advance (Note 3)	80,052,021	77,103,422
Less: Payments made	<u>579,640,595</u>	<u>434,577,356</u>
Accounts payable	<u>-</u>	<u>63,043,331</u>

NOTES (continued)

(All amounts in the notes are expressed in US\$ unless otherwise stated)

8. Investment by the Government of Ghana

	US\$ 2013	US\$ 2012
Balance at 1 January	539,629,377	416,036,636
Advance payment	6,300,000	300,000
Interim certificates paid:		
Government of Ghana funds	16,840,000	-
Buyer's credit loan	37,875,380	61,646,370
Concessionary loan	37,875,380	61,646,371
Additional Buyer's credit loan	76,206,939	
Preferential buyer's credit loan	<u>75,353,061</u>	<u>-</u>
	<u>790,080,137</u>	<u>539,629,377</u>

9. Other disclosures – Acquired lands

By Executive Instrument 70 (E.I. 70) passed and gazetted on 15 August 2008 the Government acquired a parcel of land covering an approximate area of 455,912 acres in the Bole-Bamboi and Tain districts of the Northern and Brong Ahafo regions of the Republic of Ghana for the purpose of the dam.

The Authority is mapping out boundaries of the acquired lands and identifying the properties within the acquired lands to determine the compensation payable for the acquired lands.

The value of the acquired lands has not been included in the financial statements of BPA as the process to value the acquired lands has not been completed.

10 Other disclosures – Security for the buyer's credit loan

The rights and interest in the dam and the proceeds from the power that is generated have been assigned to the lender (EXIM Bank) as security for the buyer's credit loan. This is in accordance with article 9 of the buyer's credit loan agreement.

NOTES (continued)

(All amounts in the notes are expressed in US\$ unless otherwise stated)

11 Creation of subsidiary

Bui Power Authority has set up a subsidiary named Power Logistics and Construction Services Company Limited. The company was incorporated on 1 November 2013 and received certificate to commence business on 6 November 2013. Per the registration documents, its principal activity is to supervise construction of hydroelectric projects and provide logistics services.

12 Contingencies

The entity has certain legal cases pending before the courts as at the reporting date. The directors are of the opinion that these cases, when determined, will not result in any material loss to the Authority.

Appendix 1 – Receipts and Payments of Bui Power Authority

Under the contract, BPA (the employer) requests for funds for engineering and administration expenses from the contractor periodically. These funds are claimed under schedule 17.07 of the schedule of payments. BPA also makes claims under specified lines under the provisional sum based on discussions with the contractor. In addition, BPA receives funds, other than those from the contractor. The statement below is a summary of the cash receipts and payments of BPA as an entity.

	Note	Up to 2012 US\$	During 2013 US\$	Up to 2013 US\$
RECEIPTS				
Receipts from Sinohydro	1	22,245,018	6,366,667	28,611,685
Other receipts	2	<u>1,551,384</u>	<u>2,812,030</u>	<u>4,363,414</u>
Total receipts		<u>23,796,402</u>	<u>9,178,697</u>	<u>32,975,099</u>
PAYMENTS				
Employer's Engineering & Administration costs	3	19,314,226	7,127,706	26,441,932
Irrigation	4	766,018	168,442	934,460
Resettlement	5	1,421,675	941,368	2,363,043
Expenditure incurred on behalf of Sinohydro	6	<u>220,675</u>	<u>-</u>	<u>220,675</u>
Total payments		21,722,594	8,237,516	29,960,110
Surplus		2,073,808	941,181	3,014,989
Exchange gain/(loss)	7	<u>162,806</u>	<u>(47,421)</u>	<u>115,385</u>
Cash balance (31 December)	8	<u>2,236,614</u>	<u>893,760</u>	<u>3,130,374</u>

Appendix 1– Receipts and Payments of Bui Power Authority (continued)

NOTES

(All amounts in the notes are expressed in US\$ unless otherwise stated)

1 Receipts from Sinohydro

	Up to 2012 US\$	During 2013 US\$	Up to 2013 US\$
Employer's engineering & administration costs	17,596,231	6,366,667	23,962,898
Irrigation	2,250,000	-	2,250,000
Resettlement	2,124,720	-	2,124,720
Operations & maintenance	157,629	-	157,629
Fibre Optic - Vodafone	<u>116,438</u>	<u>-</u>	<u>116,438</u>
	<u>22,245,018</u>	<u>6,366,667</u>	<u>28,611,685</u>

2 Other receipts

	Up to 2012 US\$	During 2013 US\$	Up to 2013 US\$
Donation from Zenith Bank	10,000	-	10,000
Donation from Ecobank	4,153	-	4,153
Sod Cutting Refund from GoG	99,310	-	99,310
Funds from GOG for Blackfly Nuisance Control	207,659	-	207,659
Borrowing from Government of Ghana	1,104,140	-	1,104,140
Bank overdraft	-	1,500,000	1,500,000
Receipt from GoG (compensation for acquired lands)	-	1,063,479	1,063,479
Sundry receipts	<u>126,122</u>	<u>248,551</u>	<u>374,673</u>
	1,551,384	2,812,030	4,363,414

Sundry receipts include income earned from sale of logs, rental of buildings, interest income and catering services at the dam site to third parties and other visiting sub-contractors.

Appendix 1– Receipts and Payments of Bui Power Authority (continued)

NOTES (continued)

(All amounts in the notes are expressed in US\$ unless otherwise stated)

3 Employer's Engineering & Administration costs

The breakdown of Employer's engineering & administration costs is shown below.

	Up to 2012 US\$	During 2013 US\$	Up to 2013 US\$
Personnel emoluments & related expenses	7,428,366	3,535,543	10,963,909
Administrative expenses	3,231,222	1,021,389	4,252,611
Professional services	7,274,329	1,896,711	9,171,040
Fixed assets	<u>1,380,309</u>	<u>674,063</u>	<u>2,054,372</u>
	<u>19,314,226</u>	<u>7,127,706</u>	<u>26,441,932</u>

4 Irrigation

This is made up of costs incurred to undertake feasibility studies and design of the irrigation works.

5 Resettlement

This represents costs incurred by BPA in respect of those resettled as well as the resettlement communities. It includes payments for resettlement grants to those who were moved to the resettlement communities in the form of one-time payment as well as monthly payments. It also includes costs incurred in carrying out preparatory works on the resettlement sites as well as the cost of providing transportation to those who were resettled.

6 Expenditure Incurred on behalf of Sino hydro

This represents payments made by BPA for expenses included in schedules 1 to 16 per the EPC Turnkey contract which were supposed to be paid for by contractor. Such payments are based on agreement with the contractor and are subsequently refunded by the contractor to BPA.

7 Exchange loss/ (gain)

The exchange loss/gain arises due to the translation of Ghana Cedi receipts and payments into United States Dollars for the purpose of financial reporting.

Appendix 1– Receipts and Payments of Bui Power Authority (continued)

NOTES (continued)

(All amounts in the notes are expressed in US\$ unless otherwise stated)

8 Cash balance

	As at 31 December 2012	As at 31 December 2013
	US\$	US\$
Ecobank- Foreign	778	644
Ecobank-Forex	824	1,801,521
Zenith-Foreign	1,181,819	1,991
Zenith-Forex	1,310	363,110
Ecobank Cedi	2,019	75,062
Ecobank Cedi Site	5,610	6,063
Zenith Bank Cedi	321,055	651,247
Zenith Bank Cedi Site	1,808	3,065
Ghana Commercial Bank Cedi	692,873	11,539
Agric Devt Bank	28,165	216,044
Cash on hand Cedi	<u>353</u>	<u>87</u>
	<u>2,236,614</u>	<u>3,130,374</u>