



BUI POWER AUTHORITY

**FINANCIAL STATEMENTS (in US\$ Dollars)
31 DECEMBER 2015**

FINANCIAL STATEMENTS
31 DECEMBER 2015

TABLE OF CONTENT

PAGE REFERENCE

GENERAL INFORMATION	1
REPORT OF THE GOVERNING BOARD	2 - 3
INDEPENDENT AUDITORS' REPORT	4 - 5
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	6
STATEMENT OF FINANCIAL POSITION	7
STATEMENT OF CHANGES IN EQUITY	8
STATEMENT OF CASHFLOWS	9
NOTES TO THE FINANCIAL STATEMENTS	10 - 34

BUI POWER AUTHORITY

**FINANCIAL STATEMENTS
31 DECEMBER 2015**

GENERAL INFORMATION

Board of Directors

Hon. J. Asiedu-Nketia	Chairman
Mr. J. Amissah Arthur	CEO (Member)
Mrs. Theresa Nyarko Fofie	Member
Hon. Joseph Akati Saaka	Member
Mr. Kwame Twum Boafo	Member
Hon. Kwasi A. Gyan-Tutu	Member
Dr. Kofi Nketsia Afful	Member

Registered Office

No. 11 Dodi Link,
Airport Residential
Area, Accra,
Ghana

Auditor

Ernst & Young
Chartered Accountants
G15, White Avenue
Airport Residential Area
P.O. Box KA 16009
Airport, Accra, Ghana

Solicitors

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

Bankers

Zenith Bank Ghana Limited
Ecobank Ghana Limited
Agriculture Development Bank
Ghana Commercial Bank

**FINANCIAL STATEMENTS
31 DECEMBER 2015**

**REPORT OF THE GOVERNING BOARD
TO THE MEMBERS OF BUI POWER AUTHORITY**

The governing board present the audited financial statements of the Authority for the year ended 31 December 2015.

Governing board's responsibility statement

The Authority's governing board are responsible for the preparation of financial statements that give a true and fair view of Bui Power Authority, comprising the statement of financial position at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Bui Power Authority Act, 2007 (Act 740) Section 21. In addition, the Authority's governing board are responsible for the preparation of the Report of the financial statements.

The Authority's governing board are also responsible for such internal control as the Authority's governing board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Authority's governing board have made an assessment of the ability of the Authority to continue as a going concern and have no reason to believe that the business be a going concern in the year ahead.

The Auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

The results for the year are as set out in the attached financial statements.

Nature of business

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

Adoption of IFRS for the first time

These financial statements, for the year ended 31 December 2015, are the first financial statements that the Authority has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2014, the Authority prepared its financial statements in accordance with Ghana Accounting Standards (GAS). Accordingly, the Authority has prepared financial statements which comply with IFRS applicable for the year ended 31 December 2015, together with the comparative year as at 31 December 2014, as described in the accounting policies.

In preparing these financial statements, the Authority's opening statement of financial position was prepared as at 1 January 2014, the Authority's date of transition to IFRS.

**FINANCIAL STATEMENTS
31 DECEMBER 2015**

**REPORT OF THE GOVERNING BOARD
TO THE MEMBERS OF BUI POWER AUTHORITY (CONTINUED)**

Change in management

There was a change in Government on the 7 January 2017. This change resulted in the resignation of the members of the governing board, including the Chief Executive, who steered the affairs of the Authority for this reporting period. The new management has been steering the affairs of the Authority since then up to date.

Directors in office

The directors in office at the date of signing these financial statements are:

Amb. Afare Apeadu Donkor	Chairman
Mr. Fred Oware	CEO (Member)
Alhaji Abubakari Abdul-Rahman	Member
Mrs. Sylvia Maria Asare	Member
Hon. Gabriel Osei	Member
Dr. Adams Sulemana Achanso	Member
Mr. Kwaku Bowiansa Abrefa	Member

State of affairs of the Authority

The governing board consider the state of affairs of the Authority to be satisfactory and have made an assessment of the Authority's ability to continue as a going concern and have no reason to believe the Authority will not be a going concern in the year ahead.

Approval of the financial statements

The financial statements were approved by the governing board on and are signed on its behalf by:



Director

Date: 15/10/2018



Director

Date: 15/10/2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUI POWER AUTHORITY

Report on the financial statements

We have audited the accompanying financial statements of Bui Power Authority set out on page 6 to 34 which comprise the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes comprising a summary of significant accounting policies and other explanatory information.

Responsibilities of the Governing Board for the financial statements

The governing board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and also in the manner required by the Bui Power Authority Act, 2007 (Act 740) and for such internal control as the governing board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the governing board, as well as evaluating the overall presentation of the financial statements.

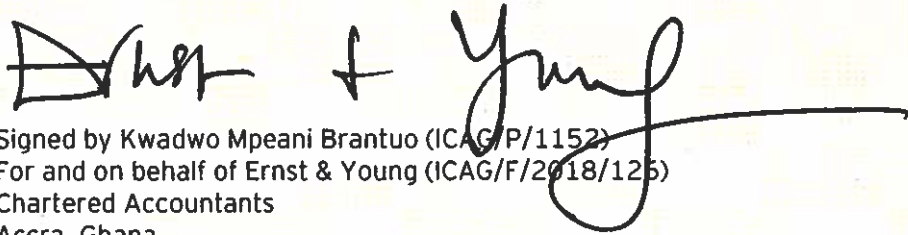
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Building a better
working world

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bui Power Authority as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and also the provisions in the Bui Power Act, 2007 (Act 740).



Signed by Kwadwo Mpeani Brantuo (ICAG/P/1152)
For and on behalf of Ernst & Young (ICAG/F/2018/125)
Chartered Accountants
Accra, Ghana

Date: 15 October 2018

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

		2015 US\$'000	2014 US\$'000
Revenue	Notes 5	88,855	63,055
Cost of generation	6	<u>(10,676)</u>	<u>(13,080)</u>
Gross profit		78,179	49,975
Other operating income	7	889	29,960
Administrative expenses	8	<u>(6,334)</u>	<u>(3,774)</u>
Other operating expenses	9	<u>(162)</u>	<u>(145)</u>
Operating profit		72,572	76,016
Finance costs	10	<u>(25,005)</u>	<u>(27,927)</u>
Profit for the year		47,567	48,089
Other comprehensive income			
Total comprehensive income for the year		<u>47,567</u>	<u>48,089</u>


Notes 1 to 29 form an integral part of these financial statements.

BUI POWER AUTHORITY

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	2015 US\$'000	2014 US\$'000	As at 1 January 2014 US\$'000
Non-current assets				
Property, plant and equipment	12	847,774	819,388	794,605
Intangible Assets	13	474	390	-
Biological Assets	14	414	411	397
Total non-current assets		848,662	820,189	795,002
Current assets				
Inventory	15	117	136	-
Trade and other accounts receivable	16	138,434	67,677	42,869
Other financial receivables	17	2,617	9,417	-
Restricted cash	18	92,441	139,796	132,019
Cash and bank balances	19	2,656	4,379	11,986
Total current assets		236,265	221,405	186,874
Total assets		1,084,927	1,041,594	981,876
Equity				
Accumulated Fund	20	76,514	76,514	76,514
Retained Earnings		241,400	193,833	145,744
Total equity		317,914	270,347	222,258
Non-current liabilities				
Loans and borrowings	21	760,184	765,134	753,834
Total non-current liabilities		760,184	765,134	753,834
Current Liabilities				
Loans and borrowings	22a	4,222	3,610	4,652
Trade accounts and other accounts payable	23	2,121	2,116	947
Employee benefits obligation	24	486	387	185
Total current liabilities		6,829	6,113	5,784
Total liabilities		767,013	771,247	759,618
Total equity and liabilities		1,084,927	1,041,594	981,876

The financial statements were approved by the Board of Directors and signed on its behalf by:


 Director
 Date: 15/10/2018


 Director
 Date: 15/10/2018

Notes 1 to 29 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Accumulated funds	Retained earnings	Total
	US\$'000	US\$'000	US\$'000
As at 1 January 2015	76,514	193,833	270,347
Profit for the year	-	47,567	47,567
As at 31 December 2015	76,514	241,400	317,914
As at 1 January 2014	76,514	145,744	222,258
Profit for the year	-	48,089	48,089
As at 31 December 2014	76,514	193,833	270,347

Notes 1 to 29 form an integral part of these financial statements.

BUI POWER AUTHORITY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 US\$'000	2014 US\$'000
Operating activities			
Profit before tax		47,567	48,089
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation charge		9,528	11,071
Amortisation charge		35	7
Unrealized exchange gain		(41)	28,994
Interest income		(847)	(692)
Interest expense		<u>25,005</u>	<u>27,927</u>
Operating profit before working capital changes		81,247	115,396
Working capital adjustments:			
Decrease/(increase) in Inventory		20	(136)
Decrease in Restricted cash		47,356	(36,772)
Decrease/(increase) in short term receivables		4,469	(6,282)
(Increase) in trade and other accounts receivable		(70,757)	(24,808)
Increase in trade and other accounts payable		2	1,170
Increase in employee benefit obligations		<u>140</u>	<u>202</u>
Cash generated from operations		62,477	48,770
Interest received		1,086	944
Interest paid		<u>(24,392)</u>	<u>(28,882)</u>
Net cash generated from operating activities		<u>39,171</u>	<u>20,832</u>
Investing activities			
Purchase of property, plant and equipment		(37,915)	(35,854)
Purchase of intangible assets		(118)	(397)
Purchase of biological assets		<u>(3)</u>	<u>(14)</u>
Net cash used in investing activities		<u>(38,036)</u>	<u>(36,265)</u>
Financing activities			
Increase/(decrease) in non-current loans and borrowings:			
Proceeds from borrowings		-	11,299
Repayment of borrowings		<u>(5,189)</u>	<u>(338)</u>
Net cash (used in)/generated from financing activities		<u>(5,189)</u>	<u>10,961</u>
Net (decrease in cash and cash equivalents		(4,054)	(4,472)
Cash and cash equivalents as at 1 January	19b	<u>7,514</u>	<u>11,986</u>
Cash and cash equivalents as at 31 December	19b	<u>3,460</u>	<u>7,514</u>

Notes 1 to 29 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015**

1. Corporate Information

The Authority was established by an Act of Parliament, BPA Act 740, 2007 and it is domiciled in Ghana. The authority's registered office is at No 11 Dodi Link, Airport Residential Area, Accra, Ghana and it is domiciled in Ghana. The Authority is primarily involved in planning, executing and managing the Bui Hydroelectric Project.

2. Basis of preparation

The financial statements of Bui Power Authority have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared on a historical cost basis and are presented in United States of American Dollars (US\$) and are rounded to the nearest thousand (US\$'000), except when otherwise indicated.

For all periods up to and including the year ended 31 December 2014, the Authority prepared its financial statements in accordance with Ghana Accounting Standards (Ghana GAAP). These financial statements for the year ended 31 December 2015 are the first the Authority has prepared in accordance with IFRS. An explanation of how the transition to IFRS has affected the reported financial position and financial performance of the Authority is provided in Note 4.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as disclosures of contingent assets and liabilities at the reporting date and the reported amount of revenue and expenses during the period. However, actual outcome could differ from those estimates. Significant estimates and assumptions are included in Note 3.15.

Bui Power Authority has presented its financial statements in United States Dollars which is also its functional currency.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

3. Significant accounting policies

3.1 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured, regardless of when the payment is being received. Revenue is measured at the fair value of the consideration received or receivable, taking account of contractually defined terms of payment and excluding taxes or duty. The Authority has concluded that it is the principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognised:

Revenue from services rendered

The amount of revenue arising on a transaction is usually determined by agreement between the Authority and the buyer or user of the service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Authority. Revenue is recognised upon delivery of electricity to the Electricity Company of Ghana (ECG) and charged in accordance with rates approved by the Public Utilities Regulatory Commission (PURC) as per the Power Purchase Agreement.

3.2 Current versus non-current classification

Bui Power Authority presents assets and liabilities in its statement of financial position based on current/non-current classification. An asset is current when it is:

- ▶ Expected to be realised or intended to be sold or consumed in normal operating cycle.
- ▶ Expected to be realised within twelve months after the reporting period.

Or

- ▶ Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- ▶ It is expected to be settled in normal operating cycle.
- ▶ It is held primarily for the purpose of trading.
- ▶ It is due to be settled within twelve months after the reporting period.

Or

- ▶ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Bui Power Authority classifies all other liabilities as non-current.

3.3 Inventory

Inventories are valued at the lower of cost and net realizable value. Cost comprises expenditure incurred in the normal course of business. Net Realisable Value (NRV) is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less estimated costs necessary to make the sale. Provision is made for obsolete, slow moving and defective stocks as and when determined.

**NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015**

3. Significant accounting policies (continued)

3.4 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

Short-term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as 'cash and cash equivalents'.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

Restricted cash flows

Amounts held in Bui Power Authority's account with China Export and Import Bank (CEXIM) are not considered to be a part of the Authority's cash and cash equivalent balance. Rather, they are considered separately due to their materiality and nature of restriction.

3.5 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition or construction 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 asset. All borrowing cost in relation to construction of the dam and other civil works have been capitalized. Other borrowing costs are expensed in the period in which they occur.

3.6 Provisions

General

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.7 Taxation

Current income tax

The Authority asserts that as a government agency established by an Act of Parliament they are exempt from the payment of corporate taxes.

Other taxes

Revenues, expenses and assets are recognised net of the amount of VAT except where the value added tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;

The net amount of value added tax recoverable from, or payable to, the Ghana Revenue Authority is included as part of accounts receivable or payable in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

3. Significant accounting policies (continued)

3.8 Foreign exchange transactions

The financial statements are presented in United States Dollars, which is also the functional currency of the Authority. Unless otherwise indicated all amounts are presented to the nearest US dollar..

Transactions and balances

Transactions in foreign currencies are initially recorded by the Authority at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

3.9 Biological assets

Consumable biological assets are measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except in the event that the fair value of the asset cannot be measured reliably. A gain or loss arising on initial recognition of agricultural produce at fair value less costs to sell shall be included in profit or loss for the period in which it arises.

Bearer biological assets and public welfare biological assets are measured at cost less accumulated depreciation and any accumulated impairment losses as they are considered as items of Property Plant and Equipment. Agricultural produce from Bearer biological assets are however, measured at fair value less costs to sell, except where fair values cannot be measured reliably.

3.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

3.11 Employee benefit provisions

A provision is recognized for end of service benefit entitlements of management. Amounts are accrued for each completed year of service. An expense is recognized and a corresponding provision accrued each reporting year end.

End of service benefits

Provision has been made for end of service benefits of the Chief Executive Officer of the Authority as well as the Directors of the Authority. This has been calculated using the simplified projected unit credit method as stipulated by IAS 19 Employee Benefits on other long term employee benefits.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
3. Significant accounting policies (continued)
3.12 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets, the borrowing costs. The purchase price or construction cost is the aggregate of the amount paid and the fair value of any other consideration given to acquire the asset.

The straight line method is adopted to depreciate the cost of items of property, plant and equipment less any estimated residual value of the assets over their expected useful lives. Bui Power Authority estimates the useful lives of other assets in line with their beneficial periods. Where parts of an item of property, plant and equipment have different useful lives and is significant to the total cost, the cost of that item is allocated on a component basis among the parts and each part is depreciated separately.

Land dam powerhouse	25 - 100 years
Generating plant and machinery	15 - 40 years
Power distribution network	15- 25 years
Motor vehicles	2 - 5 years
Marine equipment	10 years
Office equipment	1 - 5 years
IT and communication equipment	1 - 5 years
Office furniture and fittings	1 - 5 years
Household equipment	1 - 5 years
Household fixtures and fittings	1 - 5 years
Miscellaneous equipment	3-20 years
Buildings	15 - 50 years

Residual values, useful lives and the depreciation method are reviewed and, adjusted if appropriate at each reporting date. Changes are accounted for prospectively.

The cost of assets built by the Authority includes the cost of material and direct labour as well as any other costs directly attributable to bringing the asset to a working condition as intended by management. Once the assets are available for use, depreciation commences.

Expenditure on major maintenance or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off or is replaced and it is probable that future economic benefits associated with the item

will flow to the Authority, the replacement expenditure is capitalized. Where part of the asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced assets which is immediately written off. All other maintenance costs are expensed as incurred.

The carrying amount of property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognized.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

3. Significant accounting policies (continued)

3.13 Impairment of non-financial assets

Property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable Cash Generating Units (CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGUs). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Authority evaluates impairment losses for potential reversals when events or circumstances may indicate such consideration is appropriate. The increased carrying amount of an asset shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

3.14 Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

All financial instruments are classified into one of the following categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities.

Financial instruments classified as held-to-maturity investments, loans and receivables or other financial liabilities are measured at fair value upon initial recognition and subsequently measured at their amortised cost using the effective interest method.

Transaction costs on financial instruments are expensed when incurred. Purchases and sales of financial assets are accounted for at trade dates.

Financial instruments include disclosures on their liquidity risk and the inputs to fair value measurement, including their classification within a hierarchy that prioritizes those inputs.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Authority.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015**

3. Significant accounting policies (continued)

3.14 Financial Instruments:

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from Bulk Oil Storage and Transportation's statement of financial position) when:

The rights to receive cash flows from the asset have expired.

Or

It has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either:

- (a) the Authority has transferred substantially all the risks and rewards of the asset, or
- (b) the Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Authority continues to recognise the transferred asset to the extent of the Authority's continuing involvement. In that case, the Authority also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Authority has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Authority could be required to repay.

3.15 Significant accounting judgments, estimates and assumptions

The preparation of the Authority's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

In the process of applying the Authority's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the financial statements have been discussed in the individual notes of the related financial statements line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The Authority based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Authority. Such changes are reflected in the assumptions when they occur.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

3. Significant accounting policies (continued)

3.16 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Authority's financial statements are disclosed below. The Authority intends to adopt these standards, if applicable, when they become effective.

IFRS 16 Leases

The IASB has developed a new Leases Standard, IFRS 16, which supersedes IAS 17 Leases. The IASB worked jointly with the FASB on this project. The FASB expects to publish its new Leases Standard in early 2016. The Authority is required to apply IFRS 16 from 1 January 2019.

IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment.

If lease payments are made over time, the Authority also recognises a financial liability representing its obligation to make future lease payments.

The Authority is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Authority's financial assets, but no impact on the classification and measurement of the Authority's financial liabilities.

The Authority is currently assessing the impact of IFRS 9 and plans to adopt the new standard on the required effective date.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Authority is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

**NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015**

3. Significant accounting policies (continued)

3.16 Standards issued but not yet effective

Amendments to IAS 7 Statement of Cash Flows

In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows with the intention to improve disclosures of financing activities and help users to better understand the reporting entities liquidity positions.

Under the new requirements, entities will need to disclose changes in their financial liabilities as a result of financing activities such as changes from cash flows and non-cash items (e.g., gains and losses due to foreign currency movements). The amendment is effective from 1 January 2017. The Authority is currently evaluating the impact of the amendment.

4. First time adoption of IFRS

These financial statements, for the year ended 31 December 2015, are the first set of financial statements that the Authority has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2014, the Authority prepared its financial statements in accordance with Ghana Accounting Standards (GAS). Accordingly, the Authority has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2015, together with the comparative period financial statements as at and for the year ended 31 December 2014. The reconciliations showing the change from Ghana Accounting Standards to IFRS are presented in the 2015 Ghana Cedi Financial Statements as financial statements for periods up to and including 31 December 2014, had earlier been presented in Ghana Cedis.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
5. Revenue

	Revenue from sale of electricity	Power generated Kilowatt hour in thousands
	US\$'000	
2015	88,855	867,727
2014	63,055	615,775

Bui Power Authority sells electricity generated by its hydroelectric plant to the Electricity Company of Ghana (ECG). Per the power purchase agreement between the Ministry of Energy, (on behalf of Bui Power Authority) and the Electricity Company of Ghana, power is sold to ECG using prices as defined by the Public Utility Regulatory Commission (PURC).

6. Cost of electricity sold

	2015 US\$'000	2014 US\$'000
Direct labour costs	1,433	2,118
Direct consumables expenses	145	173
Direct operational and maintenance expenses	1	-
Depreciation charge (COS)	<u>9,097</u>	<u>10,789</u>
	<u>10,676</u>	<u>13,080</u>

These costs are directly attributable to the generation of hydroelectric power by BPA.

7. Other income

	2015 US\$'000	2014 US\$'000
Gain on disposal of assets	19	-
Exchange difference	-	28,994
Income from sale of lumber	-	209
Interest on accounts	847	692
Miscellaneous income	<u>23</u>	<u>65</u>
	<u>889</u>	<u>29,960</u>

Income from sale of lumber resulted from sale of trees in the catchment area upon clearing of the land for the purposes of constructing the dam. Miscellaneous income, on the other hand relates to catering income and rentals of space to some organisations at the Bui Dam Site. Interest on accounts refers to interest accruing on BPA fixed deposits and bank accounts held with Ghana Commercial Bank and other financial institutions.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
8. Administrative expenses

	2015 US\$'000	2014 US\$'000
Personnel expenses- Indirect	1,863	2,063
Depreciation and amortization - Indirect	466	288
Insurance	85	74
Licenses and permits	12	7
Other consumables	22	5
Corporate social responsibility	4	7
Audit fees	40	45
Professional fees	828	151
PR and marketing	13	32
Office expenses	108	156
Rent and rates	103	53
Operations and maintenance expenses	239	156
Communications	49	65
Unrealized exchange differences	1,884	-
Utilities	26	40
Fuel	180	125
Travel and Transportation expenses	35	87
Training and development	45	61
Board expenses	53	56
Bank charges	268	303
Other expenses	<u>11</u>	<u>-</u>
	<u>6,334</u>	<u>3,774</u>

Professional fees are largely made up of legal consultancy and engineering services. Expenses incurred in the revaluation of BPA assets are also included in professional and consultancy fees.

8a. Personnel expenses

	2015 US\$'000	2014 US\$'000
Included in cost of sales:		
Salaries and wages	<u>1,433</u>	<u>2,118</u>
	▫ <u>1,433</u>	<u>2,118</u>
Included in administrative expenses:		
Salaries and wages	499	545
Allowances	551	827
Retirement benefits	215	334
Bonus	179	451
Other staff costs	<u>419</u>	<u>446</u>
	<u>1,863</u>	<u>2,603</u>
Total personnel expenses	<u>3,296</u>	<u>4,721</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
8b. Depreciation and amortisation

	2015 US\$	2014 US\$
Included in cost of sales		
Depreciation charge	<u>9,097</u>	<u>10,789</u>
Included in administrative expenses		
Depreciation charge	<u>431</u>	<u>281</u>
Total depreciation charged for the year	<u>9,528</u>	<u>11,071</u>
Amortisation charge	<u>35</u>	<u>7</u>
Total amortization charged for the year	<u>466</u>	<u>288</u>
Total depreciation and amortisation charge for the year	<u>9,563</u>	<u>11,077</u>

Depreciation charged to cost of sales are attributable to items of property, plant and equipment that are used in the direct operations of the Bui Hydroelectric Power Dam.

9. Other operating expenses

	2015 US\$'000	2014 US\$'000
Legal fees	5	27
Subscriptions	14	8
Recruitment expenses	7	18
Entertainment and refreshments	<u>136</u>	<u>92</u>
	<u>162</u>	<u>145</u>

10. Finance costs

	2015 US\$'000	2014 US\$'000
Effective Interest on borrowings	<u>25,005</u>	<u>27,927</u>

As part of the requirements for the Buyers Credit facilities received from the China Export Import Bank, US\$29million was paid to China Export and Credit Insurance Company, also known as SinoSure, as loan insurance amortisation.

11. Taxation

The Authority asserts that, as a Government Agency established by an Act of Parliament they are exempt from the corporate taxes. Hence, neither tax expenses nor deferred taxes has been assessed for the reporting years.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

12a. Property, plant and equipment		2015							Total	
	US\$'000	Dams, power house & civil works	Transmission networks	Land, buildings, roads, civil works	Generation, plant and machinery	Motor Vehicles	IT & comm. equipment	Residential equipment, furniture & fittings	CWIP projects	US\$'000
Cost										
As at 1 January 2015	335,902		118,485	222,941	139,355	2,037	353	433	10,953	830,459
Additions	55		-	6,751	-	1	36	476	30,595	37,914
As at 31 December 2015	335,957		118,485	229,692	139,355	2,038	389	909	41,548	868,373
Accumulated depreciation										
As at 1 January 2015	2,646		3,121	1,581	3,395	220	45	63	-	11,071
Charge for the year	2,160		2,860	1,334	2,689	338	53	94	-	9,528
As at 31 December 2015	4,806		5,981	2,915	6,084	558	98	157	-	20,599
Net book value 31/12/15	331,151		112,504	226,777	133,271	1,480	291	752	41,548	847,774
Net book value 31/12/14	333,256		115,364	221,360	135,960	1,817	308	370	10,953	819,388

BUI POWER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

12b. Property, plant and equipment		2014							2013	
	US\$'000	Dams, power house & civil works	Transmission networks	Land, buildings, roads, civil works	Generation, plant and machinery	Motor vehicles	IT & comm. equipment	Residential equipment, furniture & fittings	CWIP projects	Total
Cost	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 1 January 2014	325,705	104,000	222,647	138,434	176	49	222	3,372	794,605	
Additions	10,197	14,485	294	921	1,861	304	211	7,581	35,854	
As at 31 December 2014	335,902	118,485	222,941	139,355	2,037	353	433	10,953	830,459	
Accumulated depreciation										
As at 1 January 2014	-	-	-	-	-	-	-	-	-	-
Additions	2,646	3,121	1,581	3,395	220	45	63	-	11,071	
As at 31 December 2014	2,646	3,121	1,581	3,395	220	45	63	-	11,071	
Net book value										
31/12/14	333,256	115,364	221,360	135,960	1,817	308	370	10,953	819,388	
Net book value 31/12/13	325,705	104,000	222,647	138,434	176	49	222	3,372	794,605	

Bearer biological assets and public welfare biological assets totalling US\$99,384 and US\$97,961 in 2015 and 2014 respectively are carried as items of property, plant and equipment in line with IFRS. These have been included in land, buildings roads and civil works. They are not being depreciated as they are being treated as extensions of the land.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
13. Intangible assets

	2015 US\$'000	2014 US\$'000
Cost		
As at 1 January	397	-
Additions	<u>119</u>	<u>397</u>
As at 31 December	<u>516</u>	<u>397</u>
Amortisation		
As at 1 January	7	-
Charge for the year	<u>35</u>	<u>7</u>
As at 31 December	<u>42</u>	<u>7</u>
Total intangible assets	474	390

Intangible assets comprise software purchased by the Authority to aid in records keeping and inter-organizational communication.

14a. Biological assets

2015	Teak US\$'000	Mahogany US\$'000	Total US\$'000
As at 1 January 2015: Immature	236	7	243
Additions- Immature	<u>1</u>	<u>2</u>	<u>3</u>
As at 31 December 2015: Immature	<u>237</u>	<u>9</u>	<u>246</u>
As at 1 January 2015: Mature	47	121	168
As at 31 December 2015: Mature	<u>47</u>	<u>121</u>	<u>168</u>
Total	<u>284</u>	<u>130</u>	<u>414</u>

BUI POWER AUTHORITY**NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015****14b. Biological assets**

2014	Teak US\$'000	Mahogany US\$'000	Total US\$'000
As at 1 January 2014:			
Immature	228	-	227
Additions- Immature	<u>8</u>	<u>7</u>	<u>15</u>
As at 31 December 2014: Immature	<u>236</u>	<u>7</u>	<u>243</u>
As at 1 January 2014:			
Mature	<u>47</u>	<u>121</u>	<u>168</u>
As at 31 December 2014:			
Mature	<u>47</u>	<u>121</u>	<u>168</u>
As at 31 December 2014:	<u>283</u>	<u>128</u>	<u>411</u>

Consumable biological assets have been presented as biological assets in the statement of financial position as they are recognised as being living plants undergoing biological transformation under agricultural activity.

15. Inventories

	2015 US\$'000	2014 US\$'000	As at 1 January 2014 US\$'000
Spare parts and tools -consumables	21	-	-
Stationery	13	11	-
Safety materials	81	118	-
Other inventory	<u>2</u>	<u>7</u>	-
	<u>117</u>	<u>136</u>	-

There have been no write offs of inventory in the period under review. (2014: nil).

BUI POWER AUTHORITY**NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015****16. Trade and other accounts receivable**

	2015	2014	As at 1 January 2014
	US\$'000	US\$'000	US\$'000
Trade receivables	138,145	66,910	42,283
Other receivables	107	578	510
Prepayments	182	189	76
	<u>138,434</u>	<u>67,677</u>	<u>42,869</u>

Trade accounts receivable are amounts due to Bui Power Authority by the Electricity Company of Ghana (ECG) for the sale of hydroelectric power. ECG is currently the sole customer of the Authority.

17. Other financial receivables

	2015	2014	As at 1 January 2014
	US\$'000	US\$'000	US\$'000
Treasury bills	1,813	6,282	-
Fixed deposits	804	3,135	-
	<u>2,617</u>	<u>9,417</u>	<u>-</u>

Treasury bills are held for 182 days of maturity. Fixed deposits held by BPA are in the form of call accounts, hence they are considered as cash equivalents as they are highly liquid and are being held for cash management purposes.

18. Restricted cash flows

	2015	2014	As at 1 January 2014
	US\$'000	US\$'000	US\$'000
CEXIM Escrow account	53,579	74,173	39,514
CEXIM Special joint account	13,061	39,837	82,949
CEXIM Payment Reserve account	<u>25,801</u>	<u>25,786</u>	<u>9,556</u>
	<u>92,441</u>	<u>139,796</u>	<u>132,019</u>

These represent accounts held with the China Export Import Bank (CEXIM) specifically for the repayment of loan facilities and the administration of funds received drawn down.

BUI POWER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

19a. Cash and bank balances

	2015 US\$'000	2014 US\$'000	As at 1 January 2014 US\$'000
Cash balance	3	-	-
Bank balances	<u>2,653</u>	<u>4,379</u>	<u>11,986</u>
	<u>2,656</u>	<u>4,379</u>	<u>11,986</u>

These amounts are payable on demand and do not attract any interest.

19b. Cash and cash equivalents

	2015 US\$'000	2014 US\$'000	As at 1 January 2014 US\$'000
Cash balance	3	-	-
Bank balances	<u>2,653</u>	<u>4,379</u>	<u>11,986</u>
Fixed deposits (Note 18)	<u>804</u>	<u>3,135</u>	<u>-</u>
	<u>3,460</u>	<u>7,514</u>	<u>11,986</u>

20. Accumulated fund

	2015 US\$'000	2014 US\$'000	1 January 2014 US\$'000
Investment from Government of Ghana	76,514	76,514	76,514

21. Loans and borrowings

	2015 US\$'000	2014 US\$'000	1 January 2014 US\$'000
Government on lent facilities (Note 22a)	365,481	362,115	358,780
Buyers credit facilities (Note 22b)	289,661	318,312	345,985
Agency account- Government of Ghana (Note 22c)	<u>105,042</u>	<u>84,707</u>	<u>49,069</u>
	<u>760,184</u>	<u>765,134</u>	<u>753,834</u>

BUI POWER AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015**

21a. Government on lent facilities

	2015 US\$'000	2014 US\$'000	1 January 2014 US\$'000
Concessional loans	286,899	284,361	281,846
Preferential Buyer's Credit	<u>78,582</u>	<u>77,754</u>	<u>76,934</u>
	365,481	362,115	358,780

Concessional loan and preferential buyer's credit facility engaged in 2008 and 2012 respectively by the Government of Ghana and the Chinese Government for the construction and operation of the Bui Hydroelectric Power Project have been on lent to the Authority.

21b. Buyers' credit facilities

	2015 US\$'000	2014 US\$'000	1 Jan 2014 US\$'000
Buyers' credit facilities	289,661	318,312	345,985

Buyer's credit facilities were granted by the China Export Import Bank in 2007 and 2012, The loan facilities were in US\$ and amounted to US\$293,506,062 and US\$76,206,939 in 2007 and 2012 respectively.

21c. Agency accounts- Government of Ghana

	2015 US\$'000	2014 US\$'000	1 January 2014 US\$'000
Government of Ghana Agency account	<u>105,042</u>	<u>84,707</u>	<u>49,069</u>

This represents amounts contributed by Ghana COCOBOD as part of a Cocoa sales agreement intended to assist in loan repayment through the sale of cocoa beans to Genertec International Corporation, a Chinese produce buying company.

22a. Interest bearing loans and borrowings-current

	2015 US\$'000	2014 US\$'000	1 January 2014 US\$'000
Interest bearing loans and borrowings	460	460	2,458
Interest payable	<u>3,761</u>	<u>3,149</u>	<u>2,194</u>
	4,221	3,609	4,652

Current Interest bearing loans and borrowings consist of short term loan facilities contracted with local Ghanaian banks. Interest payable however refers to interest due on 2007 and 2012 buyers' credit facilities that are payable on demand.

BUI POWER AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015**

22b. Interest bearing loans and borrowings

Non current interest bearing loans and borrowings	Interest Rate p.a.	Maturity	2015 US\$'000	2014 US\$'000	1 January 2014 US\$'000
Buyers credit facility-2007	5.94475%	21/11/2025	232,241	255,235	277,441
Buyers credit facility-2012	LIBOR+4%	21/11/2025	<u>57,420</u>	<u>63,077</u>	<u>68,544</u>
			289,661	318,312	345,985
Concessional loan	2.75%	15/07/2037	286,899	284,361	281,846
Preferential buyers credit facility	2.75%	15/07/2037	<u>78,582</u>	<u>77,754</u>	<u>76,934</u>
			365,481	362,115	358,780
Government of Ghana Agency Account			<u>105,042</u>	<u>84,707</u>	<u>49,069</u>
			105,042	84,707	49,069
Total non-current loans and borrowings.			760,184	765,134	753,834
Current Interest bearing loans and borrowings					
Other loans and borrowings	-	On demand	460	460	2,458
Interest payable	-	On demand	<u>3,761</u>	<u>3,150</u>	<u>2,194</u>
			4,221	3,610	4,652

23. Trade and other accounts payable

	2015 US\$'000	2014 US\$'000	As at 1 January 2014 US\$'000
Trade accounts payable	1,483	1,529	-
Accrued expenses	545	415	733
Payroll liabilities	67	151	51
Other accounts payable	22	21	163
Withholding tax	<u>4</u>	<u>-</u>	<u>-</u>
	2,121	2,116	947

Interest payable is interest due on Buyers Credit facilities. The 2007 Buyers Credit attracts interest at 5.94475%. The 2012 Buyers Credit facility also attracts an interest rate of LIBOR+4%.

Payroll liabilities are composed of Tier 1 and 2 pension payables, Credit union and welfare dues and other employee payables.

BUI POWER AUTHORITY**NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015****24. Employee benefit obligation**

	2015 US\$'000	2014 US\$'000	2013 US\$'000
As at 1 January	387	185	-
Current service costs	140	273	185
Exchange difference	(41)	(71)	-
As at 31 December	486	387	185

Employee benefit obligation relates to BPA's award of end of service benefits to Directors and Chief Executive Officer of the Authority. Directors are entitled to two (2) months of their basic salary for each completed year, upon the end of their service to the Authority. This increases to 4 months of their basic salary from the fifth (5) completed year of service. The Chief Executive Officer is, however entitled to 4 months of his/her basic salary for each completed year of service.

Net benefit expense recognised in the statement of profit or loss in relation to other long term employee benefits are as follows:

	2015 US\$'000	2014 US\$'000
Net benefit expense recognized in profit or loss		
Current service costs	140	273
Exchange difference	(41)	(71)
	99	202

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

25. Financial risk management objectives and policies

The Authority is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Authority's risk management is managed by the Finance Director, in close cooperation with the Board of Directors, and focuses on actively securing the Authority's short to medium-term cash flows by minimizing the exposure to volatile financial markets. Short-term financial investments are managed to generate lasting returns.

The most significant financial risks to which the Authority is exposed are described below.

Market risk analysis

The Authority is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk which result from both its operating and investing activities.

Interest rate sensitivity

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority's exposure to the risk of changes in market interest rates relates primarily to loans and borrowings obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Authority's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/ decrease in basis points	Effect on profit before tax US\$'000
2015	+100	+8,346
	-100	-8,346
2014	+100	+7,499
	-100	-7,499

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Authority's exposure to the risk of changes in foreign exchange rates relates primarily to the Authority's operating activities (when expenditure is denominated in a different currency from the Authority's functional currency).

	Changes in US\$ Rates	Effect on profit before tax US\$'000
2015	+4.8%	+7.4
	-4.8%	-7.4
2014	+7.5%	+16
	-7.5%	-16

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015
25. Financial risk management objectives and policies (Continued)
Credit risk analysis
Trade accounts receivable

Credit risk is the risk that counterparty fails to discharge an obligation to the Authority. The Authority's main exposure for credit risk to Electricity Company of Ghana, the Authority's single customer. The Authority has no significant concentration of credit risk, since Government of Ghana has planned to avail loans for settling the outstanding receivables of ECG.

Financial instruments and cash deposits

Credit risks from customers are managed by the Authority's Finance Department in accordance with the Authority's policy.

Liquidity risk analysis

The Authority's objective is to maintain a balance between continuity of funding and flexibility through the use of loans from the Chinese government and other payables.

The table below summarises the maturity profile of the Authority's financial liabilities based on contractual undiscounted payments (including interest payments):

Year ended 31 December 2015	On demand US\$'000	Less than 3 months US\$'000	3 to 12 months US\$'000	1 to 5 years US\$'000	>5 years US\$'000	Total US\$'000
Interest-bearing loans and borrowings					860,384	860,384
Trade and other accounts payable	2,121	-	-	-	-	2,121
	2,121	-	-	-	860,384	862,505
Year ended 31 December 2014	On demand US\$'000	Less than 3 months US\$'000	3 to 12 months US\$'000	1 to 5 years US\$'000	>5 years US\$'000	Total US\$'000
Interest-bearing loans and borrowings					860,384	860,384
Trade accounts and other payable	2,116	-	-	-	-	2,116
	2,116	-	-	-	860,384	862,500

BUI POWER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2015

26. Related party disclosures

Bui Power Authority was established by an Act of Parliament, (Act 740, Bui Power Authority Act, 2007). BPA is solely a government controlled entity.

Related party transactions

The following pertains to transactions carried out with related parties for the years 2014 and 2015 respectively.

Government of Ghana invested US\$75,514,075 into the set up and operations of Bui Power Authority at the inception of the Authority.

A Cocoa Sales Agreement was undertaken to assist in loan repayment through the sale of cocoa beans to Genertec International Corporation, a Chinese produce buying company. This agreement is partnered by the Ghana COCOBOD. Amounts contributed so far as detailed below:

	2015 US\$'000	2014 US\$'000	1 January 2014 US\$'000
Agency account- GoG	105,042	84,707	49,069

Government on lent concessional loan and preferential buyers credit facilities to BPA. These facilities were thus moved from equity where they had been previously recognized to liabilities. Repayment of these facilities will begin on 15 July 2023 after a seven (7) year moratorium. See note 23

Transaction with Electricity Company of Ghana (ECG)

All Kilowatt power generated by the company was sold to the Electricity Company of Ghana.

27. Fair value measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

Set out below is a comparison by class of the carrying amounts and fair values of the Authority's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying amount				Fair values	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Loans and borrowings	2,900,922	2,460,038	1,639,504	2,876,436	2,165,589	1,686,565

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

28. Post-reporting date events

An on lending agreement between the Government of Ghana and Bui Power Authority dated on 5 January 2017 indicated that the Authority is to repay the Preferential Buyers Credit amounting to USD 332,732,744 and the Concessionary Loan of USD 1,185,602,025. The conditions having existed, the financial statements have been made to reflect the two facilities as obligations of BPA and not the Government of Ghana.

29. Decommissioning liability

Bui Power Authority is of the opinion that there will be no future decommissioning costs associated with the Bui Dam. It is believed that the Authority, being a Government owned entity will not be liable for the restoration of the land as the land is also Government owned.