



**BUI POWER AUTHORITY**

**FINANCIAL STATEMENTS  
31 DECEMBER 2018**

FINANCIAL STATEMENTS  
31 DECEMBER 2018

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**FINANCIAL STATEMENTS  
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**GENERAL INFORMATION**

**GOVERNING BOARD**

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

**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 2018**

**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 2018.

**Governing Board's responsibility statement**

The Authority's Governing Board is 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 2018, 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 provision of the Bui Power Authority Act, 2007 (Act 740) Section 21. In addition, the Authority's Governing Board is responsible for the preparation of the Report of the financial statements.

The Authority's Governing Board is 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 is to plan, execute and manage the Bui Hydroelectric Project so as to augment power supply of Ghana.

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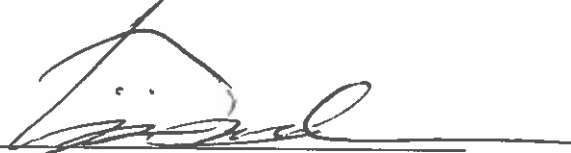
REPORT OF THE GOVERNING BOARD  
TO THE MEMBERS OF BUI POWER AUTHORITY (CONTINUED)

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 and are signed on its behalf by:

  
Member

Date: 05/03/2020

  
Member

Date: 05/03/2020

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
BUI POWER AUTHORITY**

**Report on the financial statements**

**Opinion**

We have audited the financial statements of Bui Power Authority (BPA) set out on pages 8 to 38, which comprise the statement of financial position as at 31 December 2018, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bui Power Authority (BPA) as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), the Bui Power Authority Act, 2007 Act (740).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of Bui Power Authority. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audits of Bui Power Authority (BPA). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
<p><b>Financial Statement Close Process (FSCP)</b></p> <p>The FSCP was not timely executed following the delays in posting of adjusting entries on monthly, quarterly and half yearly basis. These adjusting entries were mainly in respect of accrual of interest earned on financial assets such as fixed deposits, and treasury bills and amortisation of prepayments</p> <p>There exist the risks that disclosures may not be complete and accurate.</p>	<p>Our audit procedures on completeness and accuracy of disclosures include;</p> <ul style="list-style-type: none"> <li>• We reviewed monthly and quarterly payment schedules.</li> <li>• We inspected the financial assets (fixed deposits and treasury bills) certificates and examined relevant information such as the date of purchase, interest due dates and maturity of the asset.</li> <li>• We verified that all late journal vouchers raised had been duly approved in accordance with internal procedures including the involvement of key personnel given the approval mandate.</li> <li>• We evaluated the sub processes of the Financial Statements Close Process (FSCP) from initiation through to reporting in the financial statements including disclosures.</li> <li>• We reviewed contracts and agreements with suppliers and other debtors to understand the nature, timing and business rational of these transactions.</li> </ul>

#### Other Information

The Governing Board is responsible for the other information. The other information comprises the Governing Board s' Report as required by the Bui Power Authority Act, 2007 (Act 740). The other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Those charged with governance are responsible for overseeing the Authority's financial reporting processes.

#### 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.

In preparing the financial statements, the Governing Board are responsible for assessing the Authority'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 Governing Board either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting processes.

#### **Auditor's responsibilities 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it 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 ISAs, we exercise professional judgement and maintain 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Governing Board.
- Conclude on the appropriateness of the Governing Board'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.





**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

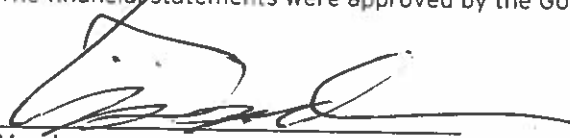
		2018 US\$'000	2017 US\$'000
	<b>Notes</b>		
Revenue	4	98,962	58,781
Cost of generation	5	<u>(19,253)</u>	<u>(18,863)</u>
Gross profit		79,709	39,918
Other operating income	6	1,745	767
Administrative expenses	7	(10,851)	(8,710)
Other operating expenses	8	<u>(260)</u>	<u>(159)</u>
Operating profit		70,343	31,816
Finance costs	9	<u>(20,456)</u>	<u>(21,751)</u>
Profit before tax		49,887	10,065
Tax	10	<u>(75)</u>	<u>(32)</u>
Profit after tax		49,812	10,033
Other comprehensive income		-	-
Total comprehensive income for the year		<u>49,812</u>	<u>10,033</u>

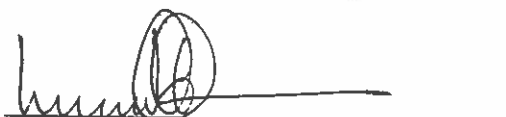
Notes 1 to 30 forms an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018

	Notes	2018 US\$'000	2017 US\$'000
<b>Non-current assets</b>			
Property, plant and equipment	11	815,333	830,486
Intangible assets	12	<u>193</u>	<u>255</u>
<b>Total non-current assets</b>		<b><u>815,526</u></b>	<b><u>830,741</u></b>
<b>Current assets</b>			
Inventory	13	2,738	1,760
Trade and other accounts receivable	14	301,453	227,911
Other financial assets	15	10,672	4,489
Restricted cash	16	27,275	1,038
Cash and bank balances	17	<u>4,420</u>	<u>4,974</u>
<b>Total current assets</b>		<b><u>346,558</u></b>	<b><u>240,172</u></b>
<b>Total assets</b>		<b><u>1,162,084</u></b>	<b><u>1,070,913</u></b>
<b>Equity</b>			
Accumulated Fund	18	76,514	76,514
Retained earnings		<u>331,778</u>	<u>284,227</u>
<b>Total equity</b>		<b><u>408,292</u></b>	<b><u>360,741</u></b>
<b>Non-current liabilities</b>			
Loans and borrowings	19	720,717	665,366
Deferred Income	20	<u>290</u>	<u>264</u>
<b>Total non-current liabilities</b>		<b><u>721,007</u></b>	<b><u>665,630</u></b>
<b>Current liabilities</b>			
Loans and borrowings	19	30,809	43,138
Trade accounts and other accounts payable	21	1,630	1,190
Employee benefits obligation	22	<u>346</u>	<u>214</u>
<b>Total current liabilities</b>		<b><u>32,785</u></b>	<b><u>44,542</u></b>
<b>Total liabilities</b>		<b><u>753,792</u></b>	<b><u>710,172</u></b>
<b>Total equity and liabilities</b>		<b><u>1,162,084</u></b>	<b><u>1,070,913</u></b>

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

  
Member  
Date: 05/03/2020

  
Member  
Date: 05/03/2020

Notes 1 to 30 forms an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Accumulated Funds	Retained Earnings	Total
	US\$'000	US\$'000	US\$'000
As at 1 January 2018	76,514	284,227	360,741
Impact of IFRS 9 (Note 3.14)	-	<u>(2,261)</u>	<u>(2,261)</u>
Adjusted balances as at 1 January 2018	76,514	281,966	358,480
Profit for the year	-	<u>49,812</u>	<u>49,812</u>
As at 31 December 2018	<u>76,514</u>	<u>331,778</u>	<u>408,292</u>
As at 1 January 2017	76,514	274,194	350,708
Profit for the year	-	<u>10,033</u>	<u>10,033</u>
As at 31 December 2017	<u>76,514</u>	<u>284,227</u>	<u>360,741</u>

Notes 1 to 30 forms an integral part of these financial statements.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 US\$'000	2017 US\$'000
<b>Operating activities</b>			
Profit before tax		49,887	10,065
Adjustments to reconcile profit before tax to net cash flows:			
Adjustment		-	(63)
Depreciation charge		18,587	18,439
Amortisation charge		72	72
Gains on disposal		-	15
Unrealized exchange gain		954	1,586
Interest income		(1,128)	(382)
Interest expense		<u>20,456</u>	<u>21,751</u>
Operating profit before working capital changes		88,828	51,483
Decrease/(increase) in Inventory		(978)	(1,593)
Decrease in restricted cash		(26,237)	27,123
(increase)/ decrease in other financial assets		(6,183)	(3,154)
(Increase)/decrease in trade and other accounts receivable		(70,286)	(22,378)
Increase/(decrease) in trade and other accounts payable		322	(323)
Increase/(decrease) in deferred income		25	264
Increase in employee benefit obligations		<u>116</u>	<u>(47)</u>
Cash generated from operations		(14,393)	51,375
Interest received		1,128	192
Interest paid		<u>(20,570)</u>	<u>(21,299)</u>
Net cash generated from operating activities		<u>(33,835)</u>	<u>30,268</u>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(3,434)	(6,507)
Purchase of intangible assets		(10)	(1)
Proceeds from disposal		<u>-</u>	<u>15</u>
Net cash used in investing activities		<u>(3,444)</u>	<u>(6,493)</u>
<b>Financing activities</b>			
Receipt of loans and borrowings		42,908	-
Payments of loans and borrowings		<u>-</u>	<u>(24,512)</u>
Net cash (used in)/generated from financing activities		<u>42,908</u>	<u>(24,512)</u>
Net Increase/(decrease) in cash and cash equivalents		5,629	(737)
Cash and cash equivalents as at 1 January	18b	<u>9,463</u>	<u>10,200</u>
Cash and cash equivalents as at 31 December	18b	<u>15,092</u>	<u>9,463</u>

Notes 1 to 30 forms an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**1. Corporate Information**

The Authority was established by an Act of Parliament, Bui Power Authority Act 2007, (Act 740) 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.

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.

**3. Significant accounting policies**

**3.1 Revenue**

The Authority's main revenue activity is the sale of electricity which is recognised when electricity is supplied to the Electricity Company of Ghana (ECG).

The amount of revenue arising on a transaction is usually determined by agreement between the Authority and the buyer or user of the service. 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 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 2018**

**3. Significant accounting policies (continued)**

**3.3 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.

**3.4 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 the 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 equivalents balance. Rather, they are considered separately due to their materiality and nature of restriction.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**3. Significant accounting policies (continued)**

**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 costs 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.

**3.8 Foreign exchange transactions**

The financial statements are presented in United States of America 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 the statement of profit or loss and other comprehensive income.



**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**3. Significant accounting policies (continued)**

**3.9 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 the statement of 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.

**3.10 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 Governing Board's members 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 2018

3. Significant accounting policies (continued)

3.11 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 2018**

**3. Significant accounting policies (continued)**

**3.12 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.

**3.13 Financial Instruments: (prior to 1 January 2018)**

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 the statement of 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 2018

3. Significant accounting policies (continued)

3.13 Financial Instruments: (prior to 1 January 2018)

**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 the 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.

**Financial assets (excluding derivatives)**

**Classification**

The appropriate classification of a financial asset is determined on acquisition of the financial asset and is based on:

- whether or not the contractual terms of the financial asset give rise to contractual cash flows that are solely payments of principal and interest; and
- the objective of the business model in which the financial asset is held at a portfolio level that best reflects the way the business is managed.

Financial assets are not reclassified subsequent to their initial recognition unless the authority changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Authority may irrevocably designate a financial asset on initial recognition that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Authority may also irrevocably elect on initial recognition of an equity investment that is not held for trading to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

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3.13 Financial Instruments: (From 1 January 2018)

The Authority did not designate any financial assets at fair value through profit or loss and has not elected to present equity investments at fair value through other comprehensive income.

Financial assets are classified into the following categories:

Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
  - it is held within a business model whose objective is to hold assets to collect contractual cash flows
- Fair value through other comprehensive income.

A financial asset is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets

Fair value through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

Measurement

Initial recognition

Financial assets are initially measured at fair value on the date of commitment to purchase (trade date). The transaction price is generally the best indicator of fair value. If a contract with a customer has a significant financing component, the related financial asset is initially measured at the transaction price excluding the time value of money.

Where the fair value of a financial asset is different to the transaction price, a day-one gain or loss may arise. If the fair value has been determined based on market-observable data the whole day-one gain or loss is recognised immediately in profit or loss. If the fair value has not been based on market-observable data the day-one gain or loss is deferred in the statement of financial position and amortised over the term of the instrument in profit or loss.

Any directly attributable transaction costs are included in the initial measurement of financial assets except for financial assets at fair value through profit or loss where directly attributable transaction costs are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
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3.13 Financial Instruments: (From 1 January 2018) (Continued)

After initial recognition

Amortised cost (previously loans and receivables)

Financial assets at amortised cost are measured at amortised cost after initial recognition using the effective interest rate method less any accumulated impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Fair value through other comprehensive income (previously available-for-sale)

Financial assets at fair value through other comprehensive income are measured at fair value after initial recognition. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairments are recognised in profit or loss.

Other net gains and losses are recognised in other comprehensive income.

The loss allowance for financial assets at fair value through other comprehensive income is recognised in profit or loss.

Impairment

Current year (in terms of IFRS 9)

Loss allowances are recognised for expected credit losses on financial assets measured at amortised cost or fair value through other comprehensive income. Loss allowances are calculated using the general or simplified approach.

The general approach requires impairment to be measured using a 12-month or lifetime expected credit loss. The lifetime expected credit loss method will be used if, after initial recognition, there is a significant increase in the credit risk of a financial asset or if it becomes credit-impaired. The simplified approach requires impairment to be measured using a lifetime expected credit loss. The simplified approach is applied to trade and other accounts receivable.

The Authority recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Authority expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade accounts receivable and contract assets, the Authority applies a simplified approach in calculating ECLs. Therefore, the Authority does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Authority has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**3.14 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.

**3.15 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**3.16 Transition Disclosures**

The accounting classification of financial assets in terms of IAS 39 and IFRS 9 is provided in the table below.

Instruments	IAS 39 Classification and measurement	IFRS 9 Classification
Trade and other accounts receivable	Held to maturity	Amortised cost
Other financial receivables	Held to maturity	Amortised cost
Restricted cash	Held to maturity	Amortised cost
Cash and bank balances	Held to maturity	Amortised cost

**Impact on retain earnings**

On transitional to IFRS9 additional impairment of US\$2,261,000 was recognised against retained earnings as at 1 January 2018. This impairment resulted from the calculation of Expected credit losses on Trade and other receivables held as at 1 January 2018

The impact of transition to IFRS 9 on reserves and retained earnings is, as follows

	1 January 2018 US\$'000
Opening balance as at 1 January 2018	-
Additional impairment due to IFRS 9 as at 1 January 2018	<u>(2,261)</u>
	<u>(2,261)</u>



NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2018

## 4. Revenue

	Revenue from sale of electricity US\$'000	Power generated Kilowatt hour in thousands
2018	<u>98,962</u>	<u>966,422</u>
2017	<u>58,781</u>	<u>574,029</u>

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 determined by the Public Utility Regulatory Commission (PURC).

## 5. Cost of electricity sold

	2018 US\$'000	2017 US\$'000
Direct labour costs	2,079	1,719
Direct consumables expenses	11	45
Direct operational and maintenance expenses	13	31
Depreciation charge (COS)	<u>17,150</u>	<u>17,068</u>
	<u>19,253</u>	<u>18,863</u>

These costs are directly attributable to the generation of hydroelectric power by Bui Power Authority.

## 6. Other income

	2018 US\$'000	2017 US\$'000
Gain on disposal of assets	-	15
Rent Income	444	204
Exchange difference	5	-
BPA Children's garden/nursery	1	-
Income from sale of lumber	159	166
Interest on accounts	1,128	382
Forestry	<u>8</u>	<u>-</u>
	<u>1,745</u>	<u>767</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. BPA Children's garden/nursery, on the other hand relates to income earned from BPA Nursery School at the Bui Dam Site. Interest on accounts refers to interest accruing on BPA fixed deposits and bank accounts held with the Ghana Commercial Bank and other financial institutions.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**
**7. Administrative expenses**

	2018 US\$'000	2017 US\$'000
Audit fees	75	75
Bank charges	79	290
Board expenses	128	52
Communication costs	43	45
Depreciation and amortization - Indirect costs	1,509	1,442
Environmental expenses	20	40
Fuel	241	211
Impairment provision	765	0
Insurance	357	204
Land Administration	4	2
Licenses and permits	31	54
Office expenses	28	18
Operations and maintenance expenses	673	217
Other consumables	414	293
Personnel expenses- Indirect costs	4,278	3,229
Public relation and marketing expenses	16	36
Professional fees	210	536
Rent and rates	1	57
Training and development costs	359	131
Travel and transportation expenses	536	106
Unrealized exchange differences	954	1,582
Utilities	<u>130</u>	<u>90</u>
	<u>10,851</u>	<u>8,710</u>

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

**7a. Personnel expenses**

	2018 US\$'000	2017 US\$'000
<b>Included in cost of sales:</b>		
Salaries and wages	<u>2,079</u>	<u>1,719</u>
	<u>2,079</u>	<u>1,719</u>
<b>Included in administrative expenses:</b>		
Salaries and wages	1,170	926
Allowances	1,785	1,312
Long term employee Benefit	148	102
SSNIT and Provident Fund contribution	650	507
Bonus to staff	332	274
Other staff costs	<u>193</u>	<u>108</u>
	<u>4,278</u>	<u>3,229</u>
<b>Total personnel expenses</b>	<u>6,357</u>	<u>4,948</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**
**7b. Depreciation and amortisation**

	2018 US\$	2017 US\$
<b>Included in cost of sales</b>		
Depreciation charge	17,150	17,068
<b>Included in administrative expenses</b>		
Depreciation charge	<u>1,437</u>	<u>1,371</u>
Total depreciation charged for the year	<u>18,587</u>	<u>18,439</u>
Amortisation charge	<u>72</u>	<u>72</u>
Total depreciation and amortisation charge for the year	<u>18,659</u>	<u>18,511</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.

**8. Other operating expenses**

	2018 US\$'000	2017 US\$'000
Legal fees	3	5
Subscriptions	13	12
Recruitment expenses	3	1
Protocol	31	25
Programs and special events	9	11
Corporate Social Responsibility (CSR)	114	68
Seminars, workshops and conferences	<u>87</u>	<u>37</u>
	<u>260</u>	<u>159</u>

**9. Finance costs**

	2018 US\$'000	2017 US\$'000
Effective Interest on borrowings	<u>20,456</u>	<u>21,751</u>

**10. Withholding taxes**

The Authority is exempt from corporation taxes but not withholding taxes.

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

Withholding taxes held on leasehold income has been separately presented on the statements on profit or loss and other comprehensive income as withholding tax expenses.

BUI POWER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2018

11a. Property, plant and equipment 2018		Dams, power house & civil works US\$'000	Transmission networks US\$'000	Land, buildings, roads, civil works US\$'000	Generation, plant and machinery US\$'000	Motor Vehicles US\$'000	IT & comm. equipment US\$'000	Residential equipment, furniture & fittings US\$'000	CWIP projects US\$'000	Total US\$'000
Cost										
As at 1 January 2018		340,205	118,485	258,673	142,213	3,486	996	3,967	25,565	893,590
Additions		-	-	-	-	20	23	12	3,379	3,434
As at 31 December 2018		<u>340,205</u>	<u>118,485</u>	<u>258,673</u>	<u>142,213</u>	<u>3,506</u>	<u>1,019</u>	<u>3,979</u>	<u>28,944</u>	<u>897,024</u>
Accumulated depreciation										
As at 1 January 2018		14,382	17,762	9,453	18,178	1,739	415	1,175	-	63,104
Charge for the year		<u>3,949</u>	<u>4,880</u>	<u>3,107</u>	<u>5,002</u>	<u>580</u>	<u>212</u>	<u>857</u>	-	<u>18,587</u>
As at 31 December 2018		<u>18,331</u>	<u>22,642</u>	<u>12,560</u>	<u>23,180</u>	<u>2,319</u>	<u>627</u>	<u>2,032</u>	-	<u>81,691</u>
Net book value										
31/12/18		<u>321,874</u>	<u>95,843</u>	<u>246,113</u>	<u>119,033</u>	<u>1,187</u>	<u>392</u>	<u>1,947</u>	<u>28,944</u>	<u>815,333</u>
31/12/17		<u>325,823</u>	<u>100,723</u>	<u>249,220</u>	<u>124,035</u>	<u>1,747</u>	<u>581</u>	<u>2,792</u>	<u>25,565</u>	<u>830,486</u>

The Authority's Property, Plant and equipment have been used as collateral for its loans and borrowings.  
No borrowing cost was capitalised during the year

BUI POWER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2018

11b. Property, plant and equipment

2017

	Dams, power house & civil works US\$'000	Transmission networks US\$'000	Land, buildings, roads, civil works US\$'000	Generation, plant and machinery US\$'000	Motor vehicles US\$'000	IT & comm. equipment US\$'000	Residential equipment, furniture & fittings US\$'000	CWIP projects US\$'000	Total US\$'000
Cost									
As at 1 January 2017	340,205	118,485	239,139	142,213	3,380	486	1,276	41,899	887,083
Additions	-	-	6	-	106	38	41	6,316	6,507
Transfers	-	-	19,528	-	-	472	2,650	(22,650)	-
As at 31 December 2017	<u>340,205</u>	<u>118,485</u>	<u>258,673</u>	<u>142,213</u>	<u>3,486</u>	<u>996</u>	<u>3,967</u>	<u>25,565</u>	<u>893,590</u>
Accumulated depreciation									
As at 1 January 2017	10,433	12,882	6,421	13,176	1,169	209	375	0	44,665
Charge for the year	<u>3,949</u>	<u>4,880</u>	<u>3,032</u>	<u>5,002</u>	<u>570</u>	<u>206</u>	<u>800</u>	<u>0</u>	<u>18,439</u>
As at 31 December 2017	<u>14,382</u>	<u>17,762</u>	<u>9,453</u>	<u>18,178</u>	<u>1,739</u>	<u>415</u>	<u>1,175</u>	<u>0</u>	<u>63,104</u>
Net book value									
31/12/17	325,823	100,723	249,220	124,035	1,747	581	2,792	25,565	830,486
31/12/16	<u>329,772</u>	<u>105,603</u>	<u>232,718</u>	<u>129,037</u>	<u>2,211</u>	<u>277</u>	<u>901</u>	<u>41,892</u>	<u>842,418</u>

The Authority's property, plant and equipment have been used as collateral for its loans and borrowings.  
No borrowing cost was capitalised during the year

BUI POWER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2018

12. Intangible assets

	2018 US\$'000	2017 US\$'000
<b>Computer software</b>		
Cost		
As at 1 January	456	518
Additions	10	1
Write off	-	(63)
As at 31 December	<u>466</u>	<u>456</u>
<b>Amortisation</b>		
As at 1 January	201	129
Charge for the year	<u>72</u>	<u>72</u>
As at 31 December	<u>273</u>	<u>201</u>
<b>Total intangible assets</b>	<u>193</u>	<u>255</u>

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

13. Inventories

	2018 US\$'000	2017 US\$'000
Spare parts and tools consumables	2,433	1,549
Stationery	107	63
Safety materials	151	119
Other inventory	<u>47</u>	<u>29</u>
	<u>2,738</u>	<u>1,760</u>

There have been no write offs of inventory in the period under review. (2017: nil).

BUI POWER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2018

14. Trade and other accounts receivable

	2018	2017
	US\$'000	US\$'000
Trade accounts receivable	299,544	226,113
Other receivables	1,724	1,528
Prepayments	<u>185</u>	<u>270</u>
	<u>301,453</u>	<u>227,911</u>

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

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.

All of the trade and other accounts receivable in the comparative periods have been reviewed for indicators of impairment. No impairment has been recognised as at the year end.

15. Other financial assets

	2018	2017
	US\$'000	US\$'000
Fixed deposits	<u>10,672</u>	<u>4,489</u>

Treasury bills are held for 182 days of maturity. Fixed deposits held by Bui Power Authority 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.

16. Restricted cash flows

	2018	2017
	US\$'000	US\$'000
CEXIM Escrow account	<u>27,275</u>	<u>1,038</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 2018

17a. Cash and bank balances

	2018 US\$'000	2017 US\$'000
Cash balance	7	4
Bank balances	<u>4,413</u>	<u>4,970</u>
	<u>4,420</u>	<u>4,974</u>

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

17b. Cash and cash equivalents

	2018 US\$'000	2017 US\$'000
Cash balance	7	4
Bank balances	4,413	4,970
Fixed deposits (Note 15)	<u>10,672</u>	<u>4,489</u>
	<u>15,092</u>	<u>9,463</u>

18. Accumulated Fund

	2018 US\$'000	2017 US\$'000
Investment from Government of Ghana	<u>76,514</u>	<u>76,514</u>

19. Loans and borrowings

	2018 US\$'000	2017 US\$'000
Government on lent facilities (Note 19a)	376,197	372,609
Buyers credit facilities (Note 19b)	207,513	235,618
Agency account- Government of Ghana (Note 19c)	<u>167,816</u>	<u>101,277</u>
	<u>751,526</u>	<u>709,504</u>



BUI POWER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2018

19a. Government on lent facilities

	2018 US\$'000	2017 US\$'000
Concessional loans	297,615	294,027
Preferential Buyer's Credit	<u>78,582</u>	<u>78,582</u>
	<u>376,197</u>	<u>372,609</u>

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.

19b. Buyers' credit facilities

	2018 US\$'000	2017 US\$'000
Buyers' credit facilities	<u>207,513</u>	<u>235,618</u>

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.

19c. Agency accounts- Government of Ghana

	2018 US\$'000	2017 US\$'000
Government of Ghana Agency account	<u>167,816</u>	<u>101,277</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.

19d. Interest bearing loans and borrowings-current

	2018 US\$'000	2017 US\$'000
Non-current portion	720,717	665,366
Current portion	<u>30,809</u>	<u>43,138</u>
	<u>751,526</u>	<u>708,504</u>

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2018

## 19e. Interest bearing loans and borrowings

interest bearing loans and borrowings	Interest Rate p.a.	Maturity	2018 US\$'000	2017 US\$'000
Buyers credit facility-2007	5.94475%	21/11/2025	166,165	188,847
Buyers credit facility-2012	LIBOR+4%	21/11/2025	<u>41,348</u>	<u>46,771</u>
			<u>207,513</u>	<u>235,618</u>
Concessional loan	2.75%	15/07/2037	297,615	294,027
Preferential buyers credit facility	2.75%	15/07/2037	<u>78,582</u>	<u>78,582</u>
			<u>376,197</u>	<u>372,609</u>
Government of Ghana Agency Account			<u>167,816</u>	<u>100,277</u>
Total non-current loans and borrowings.			<u>751,526</u>	<u>708,504</u>
Other loans and borrowings	-	On demand	-	-
Interest payable	-	On demand	<u>1,452</u>	<u>1,337</u>
			<u>1,452</u>	<u>1,337</u>

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%.

## 20. Deferred Income

	2018 US\$'000	2017 US\$'000
Deferred Income	<u>290</u>	<u>264</u>

This represents unearned income or advance payments Bui Power Authority receives from Metso, Saiwest, Philips and Ashfar for renting out its office floor space.

**BUI POWER AUTHORITY****NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2018****21. Trade and other accounts payable**

	2018 US\$'000	2017 US\$'000
Trade accounts payable	100	53
Accrued expenses	823	668
Payroll liabilities	446	223
Other accounts payable	217	235
Withholding tax	<u>44</u>	<u>11</u>
	<u>1,630</u>	<u>1,190</u>

Payroll liabilities are composed of Tier 1 and 2 pension payables, Credit Union and Welfare dues and other employee accounts payable.

**22. Employee benefit obligation**

	2018 US\$'000	2017 US\$'000
As at 1 January	214	258
Current service costs	116	98
Exchange difference payment	<u>16</u>	<u>3</u>
	<u>-</u>	<u>(145)</u>
As at 31 December	<u>346</u>	<u>214</u>

Employee benefit obligation relates to Bui Power Authority's award of end of service benefits to Directors and Chief Executive Officer of the Authority. Members of the Governing Board 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:

	2018 US\$'000	2017 US\$'000
<b>Net benefit expense recognized in profit or loss</b>		
Current service costs	116	98
Exchange difference	<u>16</u>	<u>3</u>
	<u>132</u>	<u>101</u>

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23. 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 Governing Board, 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
2018	+100	+8,346
	-100	-8,346
2017	+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
2018	+4.8%	+7.4
	-4.8%	-7.4
2017	+7.5%	+16
	-7.5%	-16

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23. 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 accounts receivable of ECG.

Set out below is the information about the credit risk exposure on the Authority's trade accounts receivable and contract assets using a loss rate.

	31 December 2018	1 January 2018
Expected credit loss rate	1%	1%
Gross carrying amount	302,569	226,113
Life time expected credit loss	3,026	2,261
		31 December 2018
IFRS 9 expected credit loss as at 1 January 2018		2,261
Charge for the year		<u>765</u>
Life time expected credit loss as at 31 December 2018		<u>3,026</u>

NOTES TO THE FINANCIAL STATEMENTS  
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23. Financial risk management objectives and policies (Continued)

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 accounts payable.

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 2018	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					801,302	801,302
Trade and other accounts payable	<u>1,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,371</u>
	<u>1,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>801,302</u>	<u>802,673</u>
Year ended 31 December 2017	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				0	756,296	756,296
Trade accounts and other payable	<u>1,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,159</u>
	<u>1,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>756,296</u>	<u>757,455</u>

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24. Related party disclosures

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

Related party transactions

The following pertains to transactions carried out with related parties for the years 2017 and 2018 respectively.

Government of Ghana invested US\$76,514,075 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:

	2018 US\$'000	2017 US\$'000
Agency account- Government of Ghana	167,816	100,277

Government on lent concessional loan and preferential buyers credit facilities to Bui Power Authority. 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.

Transaction with Electricity Company of Ghana (ECG)

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

Key management staff

	2018 GHC	2017 GHC
Key management staff		
Short term benefit	476	419
Post-employment benefit	345	214
Other allowances during the year	<u>128</u>	<u>52</u>
	<u>949</u>	<u>685</u>

25. 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.

The carrying amount of the Authority's financial instrument approximates their fair values.

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26. Post-reporting date events

Subsequent to the balance sheet date,

- The Authority is constructing BPA Height Office building II at a cost of US\$19,922,825. The construction is being done by Amandi Investment Limited.
- Bui Power Authority went into an agreement with Meinerger Technology Limited for the construction of 40MVP Hydro Solar PV Hybrid Project at Bui Generating Station (Bui) totaling US\$36,930,000.00.

27. 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.

28. Commitments

- The Authority has made an advance payment of US\$1,992,282.50 to Amandi Investments Limited being 10% advance payment towards the construction of BPA Height Office building II.

The total contract sum for the construction of Bui Power Authority Height office building II is US\$19,922,825.

- Bui Power Authority has made an advance payment of US\$5,685,036.05 to Meinerger Technology Limited towards the construction of 40MVP Hydro Solar PV Hybrid Project at Bui Generating Station which commenced in April 2019 is expected to be operational in 2020.

29. Contingent assets and liabilities

There were no contingent assets as at 31 December 2018. (2017: Nil). There were no contingent liabilities as at 31 December 2018. (2017: Nil).

30. Authorisation of financial statements

The financial statements for the year ended 31 December 2018 (including comparatives) were approved by the Governing Board of the Bui Power Authority.