ANNUAL REPORT 2016

GRIDCo

Backbone to Power Delivery

CORPORATE CONTACT DETAILS

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Email: gridco@gridcogh.com
Web: www.gridcogh.com
Head Office: Off Tema - Aflao Road, Tema.

AREA OFFICES

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033 436 7220 (control room)

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024-640 8885

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CONTENTS

NOTICE AND AGENDA OF THE 8TH ANNUAL GENERAL MEETING OF GHANA GRID COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the 8th Annual General Meeting of the Ghana Grid Company Limited (GRIDCo) will be held at Labadi Beach Hotel, Accra on December 8, 2017 at 10.00a.m. to transact the following business:

1. To receive and consider the Financial Statements for the year ended December 31, 2016, together with the Reports of the Directors and Auditors thereon;
2. To authorize Directors to re-appoint auditors to audit the 2017 Financial Statements and to fix the remuneration of Auditors.

DATED IN ACCRA THIS 13TH DAY OF NOVEMBER , 2017.
BY ORDER OF THE BOARD

MONICA N. A. SENANU (MRS.)
BOARD SECRETARY

NOTE

A Member of the Company entitled to attend and vote may appoint a proxy to attend and vote on behalf of the Member. A proxy need not be a Member of the Company. A form of proxy is provided at the end of the Annual Report and Financial Statements. For a form of proxy to be valid for the purpose of the meeting, it must be completed and deposited at the Registered Office of the Company, Off Aflao Highway, P. O. Box CS 7979, Tema, not less than 48 hours before the appointed time of the meeting.

CORPORATE INFORMATION

Current Directors		
	Amb. Kabral Blay-Amihere	Chairman
	Mr. Jonathan Amoako-Baah	Chief Executive
	Nana Akyereako Adjabinti I (Nana Kofi Nti)	Member
	Ms.Dzifa Amegashie	Member
	Mr. Frederick Fredua Antoh	Member
	Hon. Naana Eyiah	Member
	Air Vice Marshall Issifu Sakib Kadri	Member
	Dr. Nicholas Smart-Yeboah	Member
	Mr. Kenneth Kwamina Thompson	Member
Previous Directors (as at 31 December 2016)		
	Alhaji Huudu Yahaya	Chairman
	Ing. William Amuna	Chief Executive
	Mr. Mark Ofori Amanfo	Member
	Dr. Patrick Buah	Member
	Mr. Anthony El Adas	Member
	Mr. Adam Mukaila	Member
	Mr. Kwabla Dogbe Senanu	Member
	Mr. Jonathan Tackie Komme	Member
Secretary	Mrs. Monica N. A. Senanu	
Registered office	Ghana Grid Company Ltd Off Tema Aflao Road Near Tema Steel Works P.O. Box CS 7979 Tema	
Auditor	PricewaterhouseCoopers	
	Chartered Accountants No. 12 Airport City Una Home 3rd Floor PMB CT 42 Cantonments, Accra	
Bankers	Agricultural Development Bank Bank of Africa CAL Bank Limited GCB Bank Limited Ghana International Bank Rand Merchant Bank Societe Generale Ghana Limited Standard Chartered Bank (Ghana) Universal Merchant Bank	

01	**VISION** To be the model electricity grid Company.
02	**MISSION** We provide a reliable grid for development.
03	**GOAL** To achieve 99.99% reliability on the National Transmission System with fully automated, integrated and paperless business processes by year 2019.

CORE VALUES (RISE & CARE)

Responsiveness

We attend to internal and external customer needs with focus, speed and skill and effectively engage our stakeholders.

Integrity

We adhere to moral and ethical principles, as well as non-discrimination and transparency in our service delivery.

Safety

We are committed to the highest safety standards and environmental practices.

Excellence

We strive to be outstanding in everything we do. We consistently create better ways of doing our work.

Caring

We are committed to act with compassion in all situations, to listen with respect; to employees, customers and stakeholders and to value their differences.

GRIDCo AT A GLANCE

In line with the Power Sector Reforms, GRIDCo was incorporated in 2006 to provide power transmission services for wholesale suppliers and bulk customers, in an open and transparent manner. GRIDCo became operational on August 1, 2008. GRIDCo is a private limited liability company wholly-owned by the Government of Ghana. The Company is presently governed by a nine (9) member Board of Directors.

The Company was established to develop and promote competition in Ghana's Wholesale Power Market, by providing non-discriminatory and open access to the transmission grid for all participants in the power market. These participants include wholesale suppliers of power and bulk consumers. GRIDCo's role is aimed at enhancing efficiency in power delivery.

Assets

GRIDCo's main assets are:

- Transmission towers and lines;
- Substations and related equipment;
- System Communication equipment;
- Lands, buildings and miscellaneous assets.

Mode of Power Transmission

As the Electricity Transmission Utility, GRIDCo transmits power from all power generating companies and delivers it to bulk customers which include electricity distribution companies – Electricity Company of Ghana (ECG) and Northern Electricity Company of Ghana (NEDCo) and mining companies.

GRIDCo owns and operates over 5,216 km of high voltage transmission lines across the country, which is mainly operated at 161 kV. The other transmission voltages are 69 kV, 225 kV and 330 kV. These lines carry power from various generating stations to sixty-eight (68) substations owned by GRIDCo. At these substations the power is stepped down to lower voltages mainly, 11 kV and 34.5 kV to facilitate the transmission to distribution companies and bulk customers.

Departments

To ensure that corporate goals and objectives are accomplished in a cost effective and an environmentally-sustainable manner, the following departments have been mandated to execute GRIDCo's functions:

1. System Operations
2. Engineering
3. Network Performance
4. Southern Network Services
5. Northern Network Services
6. Finance
7. Human Resources & Services
8. Legal Services and Board Secretariat
9. Internal Audit
10. West African Power Pool (WAPP) Projects
11. Corporate Planning

Operational Areas

The maintenance and operations of the transmission network is managed by the Southern Network Services and the Northern Network Services Departments, which are further divided into the following seven (7) Operational Areas, to facilitate efficient power transmission nationwide.

Southern Network Services Department: Akosombo, Volta, Takoradi and Prestea Areas

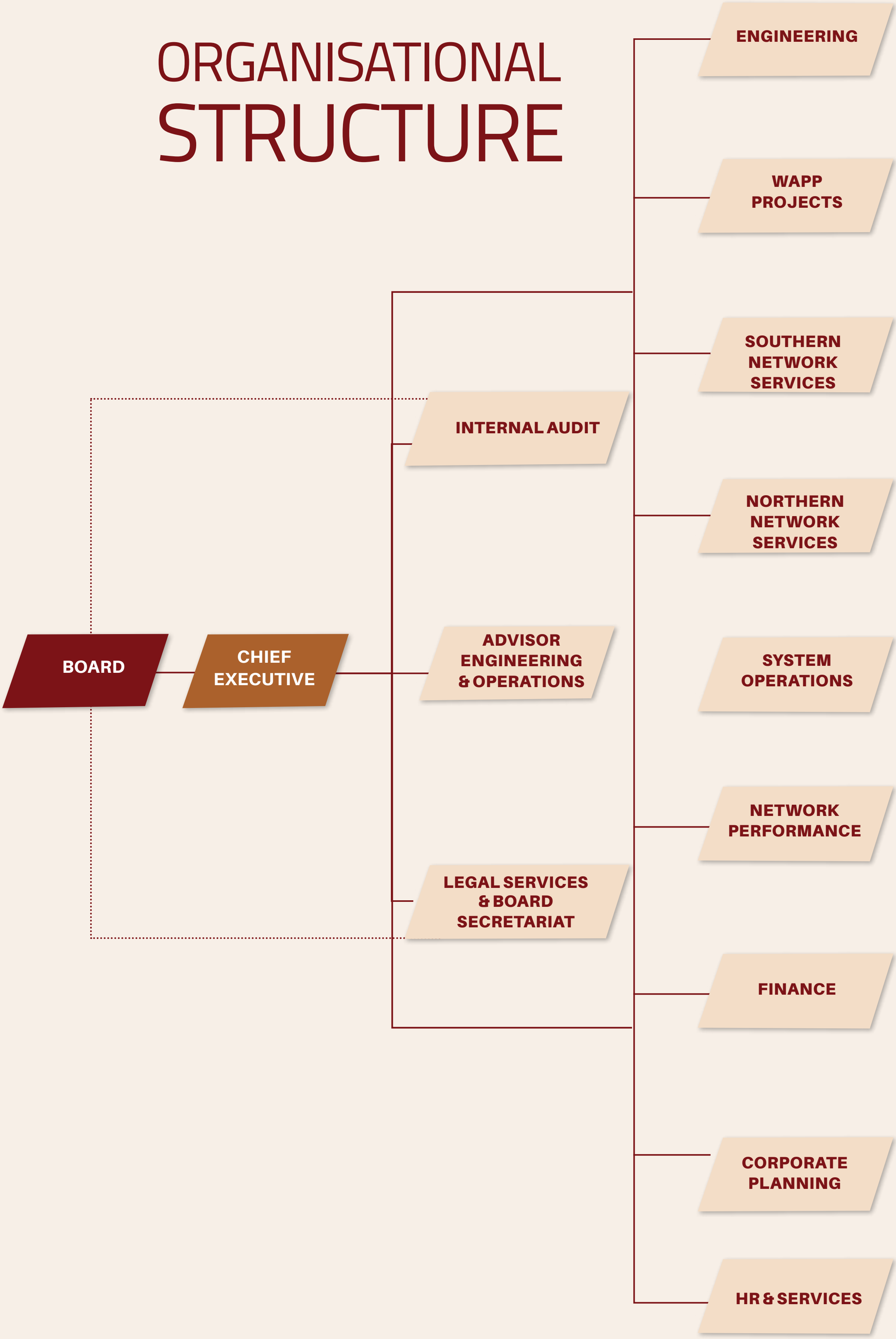
Northern Network Services Department: Kumasi, Techiman and Tamale Areas

Regulators

GRIDCo's regulators include the following bodies:

- Public Utilities Regulatory Commission (PURC)
- Energy Commission (EC)
- State Enterprises Commission (SEC)
- Environmental Protection Agency (EPA)

ORGANISATIONAL STRUCTURE



BOARD OF DIRECTORS

Board of Directors as at September, 2017

Amb. Kabral Blay-Amihere
Chairman

Mr. Jonathan Amoako-Baah
Chief Executive

Nana Akyereako Adjabinti I (Nana Kofi Nti) - Member

Ms.Dzifa Amegashie
Member

Mr. Frederick Fredua Antoh
Member

Hon. Naana Eyiah
Member

Air Vice Marshall (Rtd.) Issifu Sakib Kadri - Member

Dr. Nicholas Smart-Yeboah
Member

Mr. Kenneth Kwamina Thompson
Member

BOARD CHAIRMAN'S REPORT

BOARD CHAIRMAN'S REPORT

Dear Shareholder, Distinguished Ladies and Gentlemen, on behalf of the new Board of Directors, I welcome you to GRIDCo's 8th Annual General Meeting. I commend the former Board for the good work done in 2016 and present to you, a summary of policies adopted and implemented in the 2016 financial year.

Our Company continues to develop in all spheres, particularly in our ability to strategize and plan during demanding phases of our work, which involves the transmission of electricity all over the country. In our quest to be the model electricity grid company, we achieved strides and overcame hurdles, whilst pursuing our strategies, and these are indicated below.

Financial Operations

GRIDCo's principal source of finances is the revenue derived from the transmission of electricity from wholesale suppliers to bulk customers. The level of revenue is also mainly dependant on the Transmission Service Charge (TSC) required to be paid per unit of power transmitted. In 2016, the total volume of power transmitted was 13,699,893,722.23kWh and a total revenue of GH¢ 673.835Million was achieved. In comparison, the total revenue for 2015 was GH¢ 472.345million. In addition to the level of revenue, the other determinants of the Company's profit were the depreciation of the Ghana Cedi.

In 2016, the total revenue of GH¢ 673.835 Million, resulted in a Net Profit of GH¢ 69.132 Million. This represented a 54% increase in profit from the previous year, 2015.

The finances of the Company were however extremely impacted by increased receivables, mainly attributable to two (2) major customers, Electricity Company of Ghana (ECG) and Volta Aluminium Company (VALCO). ECG and VALCO owed GH¢ 540,396,706.37 and (GH¢ 30,728,205.78 plus US$20,846,371.97) respectively as at 31st December, 2016. Various efforts have been made at all levels to augment payments by our customers, particularly ECG and VALCO.

Performance Management

The Board consistently sought to improve efficiency at all levels of management within the Company, during the period under review. In pursuit of the full implementation of the Balanced Scorecard Performance Management System, various critical measures were identified in the Company to help in the measurement of performance, and these measures continue to be monitored. The Company endeavored to meet all targets measured by the State Enterprises Commission (SEC) which included management and improvement of Projects and other operational results. The Board also ensured that remuneration levels for staff were adequate to stimulate expected performance levels.

Enterprise Risk Management

In 2016, the activities of the Company were organised and controlled in order to minimise the effects of risks on the Company's resources. The Corporate Risk Management Charter, Policy and Guidelines were followed to ensure that the appropriate options and actions were developed to reduce the threats and enhance the opportunities posed by GRIDCo's operations.

A Risk Management Committee was appointed during the year to ensure the effective implementation of the Risk Management System. We continued to take steps to develop and document the business impact analysis, training programs, tests and maintenance plans for our operations. Staff were continuously sensitized on Enterprise Risk Management principles, particularly, the identification, prioritization and management of risks to ensure that GRIDCo achieved its objectives.

Telecommunication Services

The development of the Telecommunication Master Plan (Plan) which commenced in 2015 was completed in 2016. The Plan will serve as a guide to implement effective measures to take advantage of the Company's existing as well as planned telecommunication infrastructure. The Board, in consideration of the potential of maximising net revenues from GRIDCo's fibre network and the need to progress promptly to take advantage of all market opportunities, accepted the Plan and approved the negotiation and execution of Dark Fibre Lease Contracts with telecommunication operators.

A unit, Gridtel Strategic Business Unit was established as a telecommunications unit of GRIDCo. This Unit will lead in the implementation of the recommendations put forth in the Telecommunication Masterplan. Consequently, the Board approved the appointment of a General Manager to oversee, amongst others, the Business operations, execution of investment plans and the budget.

Renewables

With respect to Renewable Energy, one (1) new application for connection to the National Interconnected Transmission System (NITS) was processed. Following from the high level of interest in the renewable energy sector from previous years, GRIDCo continued to pursue connection processes for prospective suppliers of renewable energy. These processes included various Impact Studies carried out to assess the effects of new generation on the National Interconnected Transmission System and to establish the level of investment required to reliably evacuate new facilities.

OUTLOOK

Electricity, as a source of energy, remains a critical aspect of the country's development. The role of GRIDCo, as the System Operator and sole Transmission Utility is therefore crucial in the expansion of the country's economy. The Board continues to direct the affairs of the Company to maximise the resources at the Company's disposal to achieve its mission. A comprehensive implementation of transmission projects and programmes which are important for the delivery of reliable electricity have been hindered by the Company's financial capacity. The high level of receivables from two of our major customers ECG and VALCO, continued to affect the company's operations.

The Board will continue to seek the support of the Government and all stakeholders to resolve the financial crisis currently faced by the Company. We believe that the Government will roll out fully all of its plans to assist the power sector financially, particularly, the minimisation of indebtedness of companies wholly owned by the government and the injection of capital to aid the achievement of power sector objectives.

CONCLUSION

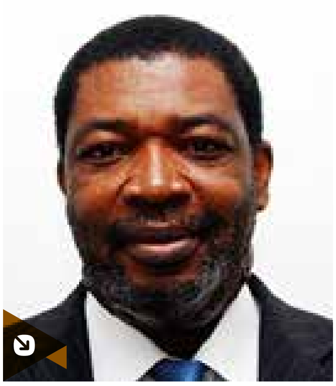
We are grateful for the cooperation of the Government of Ghana, Management and Staff of GRIDCo, our Regulators, Wholesale Suppliers, Bulk Customers, Financiers, Contractors and each entity and individual with whom we do business. We are hopeful that we will continue to be good partners in our quest to transmit reliable electricity throughout the country.

Amb. Kabral Blay-Amihere
BOARD CHAIRMAN

"Our Company continues to develop in all spheres, particularly in our ability to strategize and plan during demanding phases of our work, which involves the transmission of electricity all over the country. In our quest to be the model electricity grid company, we achieved strides and overcame hurdles, whilst pursuing our strategies"


Mr. Jonathan Amoako-Baah
Chief Executive


Mr. Suraj Amadu – Advisor,
Engineering & Operations


Mr. Eric Asare
Director, Network Performance


Mr. Norbert Anku
Director, Southern Network Services


Wg. Cdr. (Rtd.) Samuel Allotey
Director, Human Resource
and Services


Mr. Isaac Akesseh
Director, Corporate Planning


Mr. Mark A. Baah –
Director, System Operations


Rev. S. F. Kwofie
Director, Engineering


Mr. Kofi Okofo-Dartey
Director, Financer


Mr. Francis Kyere – Director,
WAPP Projects


Mr. Richard Ntim
Chief Internal Auditor


Mrs. Monica N. A. Senanu
Company Solicitor /
Board Secretary


Mr. Joseph B. Taylor Director,
Northern Network Services

MANAGEMENT STAFF

Management Staff as at September, 2017

CHIEF EXECUTIVE'S REPORT

CHIEF EXECUTIVE'S REPORT

JONATHAN AMOAKO-BAAH
CHIEF EXECUTIVE

Dear Shareholder, Chairman and members of the GRIDCo Board, distinguished ladies and gentlemen, I welcome you to the 8th Annual General Meeting of Ghana Grid Company Limited. On behalf of the Management of GRIDCo, I commend the former Chief Executive for GRIDCo's achievements in 2016. I stand here on behalf of the management and staff of GRIDCo, to share with you the progress the company has made, during the year under review; ending December 31, 2016. This report will also highlight various work processes that were carried out in order to attain the vision, mission, values and strategic objectives of the Company.

Distinguished ladies and gentlemen, I am happy to inform you, that, for the second consecutive year, GRIDCo was adjudged the Best Transmission Company in West Africa for the year 2016. This sub-regional award clearly demonstrates how we adhere to one of our Core Values - EXCELLENCE. Indeed, we strive to be outstanding in everything we do; consistently creating better ways of doing our work.

This however does not mean that we did not experience any challenges in the year under review. GRIDCo continued with the payments of the Company's loans as well as payments to vendors and suppliers. This had a toll on the Company's finances.

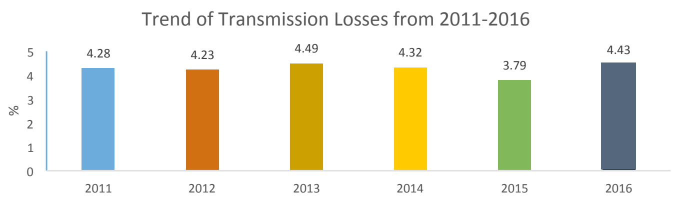
Despite these obligations, financial performance in year 2016 was an improvement over that of year 2015.

Financial Performance

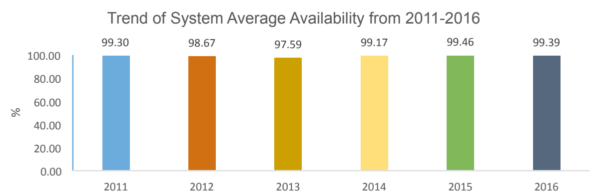
GRIDCo obtained a total revenue of GH¢ 673.835 million and a net profit of GH¢ 69.132 million at the end of year 2016. This was an improvement over the year 2015 revenue and net profit amounts of GH¢ 472.345 million and GH¢ 44.797 million respectively.

The improved financial performance in year 2016 was mainly due to increase in energy transmitted. The financial position of the Company was however severely impacted by the huge build up in receivables, mainly from the Company's major customers, the Electricity Company of Ghana (ECG) and the Volta Aluminium Company (VALCO).

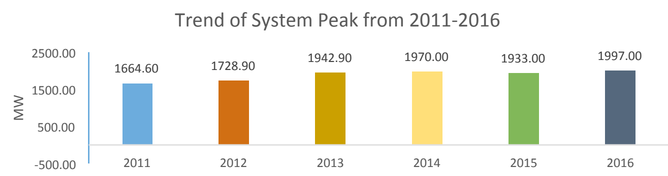
Management continues to pursue defaulting custmomers to recover huge outstanding service charges. In addition, austerity measures introduced to manage the liquidity challenges were pursued rigorously to ensure judicious use of funds for effective and efficient running of the Company.



Graph I- Transmission Losses from 2011 - 2016



Graph 3 - Trend of System Average Availability from 2011-2016



Graph 2- Trend of System Peak Demand (MW) from 2011 – 2016

> *"GRIDCo obtained a total revenue of GH¢ 673.835 million and a net profit of GH¢ 69.132 million at the end of year 2016. This was an improvement over the year 2015 revenue and net profit amounts of GH¢ 472.345 million and GH¢ 44.797 million respectively."*

Performance Management System

Development of the Company's new Performance Management System, using the Balanced Scorecard approach, made significant strides in 2016. The Balanced Scorecard Team commenced work on cascading the Performance Management System to the Departments. The Balanced Scorecard Consultants from Balanced Scorecard East Africa (BSEA) continued to pay facilitation visits to GRIDCo to oversee the development of the process. The Consultants also organised a workshop to train Departmental representatives on the Performance Management Process.

Power Transmission System

Power Transmission

In 2016, a total of 13.70 TWh of energy was transmitted on our network. Out of this, the net energy consumed locally was 13.08 TWh. GRIDCo imported 0.76 TWh from La Cote D'Ivoire and exported 0.47 TWh to SONABEL, Youga mines, Burkina Faso and CIE. 12.93 TWh was recorded as the net total energy generated in Ghana.

Transmission losses recorded in 2016 was 0.61 TWh. This was 4.43 % of total energy transmitted, compared with the 2015 figure of 3.79% (0.44 TWh). The increase in transmission losses for the year in review was mainly due to increased generation from thermal power plants from the western enclave of the power system. Low transmission loss recorded in 2015 was due to reduced generation from the western thermal plants.

The NITS recorded a peak demand of 1997 MW on November 29, 2016. This represents a 3.3%% increment in the 1933MW recorded on December 29, 2015.

System Maintenance

The year 2016 recorded System Average Availability of 99.39%. The system availability recorded for the year in review was lower than the 2015 recorded figure of 99.46%. The contributory factors for the drop were outages due to planned maintenance works as well as substation project works.

Communications Business Unit

In 2016, with the approval of the Board, the Company implemented the first phase of a two-phased telecom business approach. This phase concerned itself with the creation of the System Communications Unit as a stand-alone Business Unit. We are happy to inform you that GRIDTel is now operating as a Business Unit.

GRIDTel is responsible for the operation of GRIDCo's internal communication services as well as the commercialization of the transmission assets.

GRIDTel has signed an Indefeasible Right of Use (IRU) with a the telecom operator, MTN, to host them on the GRIDCo fibre network.

PROJECTS

GRIDCo continued to execute critical projects in pursuant of its mandate of undertaking economic dispatch and transmission of electricity from wholesale suppliers to bulk customers. One of such projects is the Project for the Reinforcement of Power Supply to Accra Central Business District.

This project which commenced in May 2016 seeks to develop a Bulk Supply Point (BSP) within the Central Business District (CBD) of Accra, to adequately and reliably meet the high electricity demand in the Area. The project is expected to be completed in August, 2018.

The 225 kV Bolgatanga-Ouagadougou Interconnection Project was also continued throughout the year. This joint project between Ghana and Burkina Faso involves the construction of an interconnection transmission line and substations in Ghana and Burkina Faso to facilitate the export of power from Ghana to Burkina Faso. The Project is expected to be completed by mid 2018.

Occupational Health And Safety

In order to ensure that occupational health and safety standards are adhered to, health and safety education for staff was carried out throughout the company, through scheduled safety meetings. The Company also completed a Safety and Fire Audit of the transmission network facilities.

In line with international best practice, GRIDCo continued with the process of securing the OHSAS 18001:2007 certification from SGS Ghana. In connection with the certification, the Occupational Health and Safety Unit organised an awareness seminar for GRIDCo Managers.

Knowledge Management

As part of efforts to collect, manage and preserve institutional knowledge, the Knowledge Management Section commenced the preparation of a Document and Record Management Policies and Procedures.

Human Resource, Industrial Relations, Training & Development

GRIDCo enjoyed a cordial industrial climate in 2016. This cordial relationship was promoted by Management and the leadership of the Staff Groups.

A total of twenty eight (28) staff retired in 2016. Unfortunately, we lost four (4) actively serving employees. May their souls rest in perfect peace.

Training and developing a highly competent and professional staff has always been a major goal of the Company. Year 2016 was no exception. Employees had the opportunity to benefit from both local and foreign training programmes. To ensure that all categories of employees benefit from training and development, the training programmes covered both technical and non-technical courses. Training in leadership and managerial competences also continued throughout 2016. Twenty (20) employees who were sponsored by the Company to pursue a Masters in Public Administration programme in GIMPA successfully completed their classroom tuition.

At the end of the year, staff strength of the company stood at 929, an increase of 1.5% over the 2015 figure.

Changes in Management Staff

A new Director was appointed for the Northern Network Services (NNS) Department to replace the previous Director who went on compulsory retirement, after rendering many years of dedicated service to the Company.

The Director for the System Operations Department was also seconded to the Ministry of Power in the course of the year to provide support for the USAID funded Integrated Resource and Resilience Planning Project.

Stakeholder Engagements

In 2016, GRIDCo held a kick-off meeting with the Korea International Cooperation Agency (KOICA) and Korea Electric Power Company (KEPCO) for the Human Resource Development (HRD) Infrastructure Plan Establishment for the Ghana Transmission System Project. This project involves the establishment of a Training Centre for GRIDCo and the development of training programmes in power system operations.

This followed a Memorandum of Understanding (MoU) signed between GRIDCo and KOICA for the purpose. KEPCO would be executing the project on behalf of KOICA.

Conclusion

I would like to extend my thanks to Management and Staff of GRIDCo for their hard work, sense of professionalism and dedication to ensuring the growth of the Company in 2016. My thanks also go to our financiers; without them, our critical projects will never see the light of day. On behalf of the Government of Ghana, Management and staff of GRIDCo, I extend our sincere appreciation to all GRIDCo's financiers.

Thank you all; Board Members and Stakeholders, for your continued unflinching support. We are confident we can always count on you.

Kwaku Amoako-Baah

....

Jonathan Amoako-Baah
CHIEF EXECUTIVE

CORPORATE GOVERNANCE

The Board of Directors

Ghana Grid Company Limited continues to operate to ensure transparency and accountability in its relationship with all partners and stakeholders. The role of the Board is critical since it provides guidance and sets corporate strategy. Management ensures the effective implementation of plans approved by the Board, which leads to the attainment of corporate objects.

The direction provided by the Board is normally carried out through Board Committees established by the Board.

The establishment of these Committees are based on the competencies of Directors, which ensure maximization of our resources.

Presently, the Board is divided into four (4) Committees, the Finance and Audit Committee, Industrial Relations and Compensation Committee, the Engineering and Operations Committee and the Market Operations Committee. The roles of the Committees, although distinct are linked to each other to ensure holistic strategy setting and decision making. A summary of the input of the Committees is summarized below.

Finance and Audit Committee

The Board provides a framework for effective financial management, based on the advice given by the Finance and Audit Committee. This Committee consults with Management on the efficient use of the Company's resources and advises the Board on the appropriate use of these resources, given the financial situation of the Company at any given time and the level of need for the acquisition of specific assets and services. The Committee also recommends actions to be taken with specific financial situations that have far-reaching consequences, such as actions to be taken with reference to huge receivables from major customers.

This Committee also monitors the thorough compliance with processes, through the consideration of periodic Audit reports submitted to the Committee. The duty of the Board to ensure a minimal risk environment is also guaranteed through this Committee.`

Industrial Relations and Compensation Committee

The Industrial Relations and Compensation Committee advises the Board on the strategies to adopt, in relation to the maintenance of a healthy industrial climate and remuneration of all levels of staff. Considering the importance of human resources to the attainment of the Company's vision, the Board relies on this Committee to delve into all existing and potential issues pertaining to compensation and motivation of staff. These include the provision of advice on discipline and performance management.

CORPORATE GOVERNANCE (Contd.)

Engineering and Operations Committee

The performance of GRIDCo's core mandate, the transmission of electricity, is based on the establishment of a sound transmission infrastructure. The institution and maintenance of the infrastructure is dependent on the strategy in place for the selection and implementation of targeted engineering projects. Based on a strategic plan and the financial situation of the Company at any given time, the Committee recommends the immediate, deferred or modified implementation of particular projects. The Committee advises on the future effect of projects and monitors implementation of major Projects.

Market Operations Committee

The provision of services by GRIDCo is made within the context of a Wholesale Electricity Market (WEM). The WEM is made up of Wholesale Suppliers and Bulk Customers who depend on GRIDCo to guarantee fair and reliable access to the National Interconnected Transmission System (NITS). The Board is steered, in its considerations of WEM matters, by the Market Operations Committee.

The Committee deals with GRIDCo's role in ensuring the dispatch of electricity in a fair environment, particularly by specific regulations and rules.

The Board's role in guaranteeing a framework for accountability is based on effective work by the different Committees. The Board continues to assure stakeholders of the Company of its continued zeal in safeguarding the best interests of GRIDCo. We will continue to engage our Shareholder, customers, financiers, employees, the communities in which we do our business and the whole country in all deliberations to ensure equity and transparency in the delivery of reliable electricity for development.

CORPORATE SOCIAL RESPONSIBILITY

Our Corporate Social Responsibility (CSR) programmes covered activities in support of the Health, Educational and Environmental needs of the communities in which we operate.

One of the Company's Core Values is Caring. This means 'we are committed to act with compassion in all situations, to listen with respect to employees, customers and stakeholders…' This is the basis of the CSR programmes we carry out. We care and we have a listening ear for our customers and stakeholders.

The CSR programmes create positive relationships between the Company and its beneficiaries.

Health

In 2016, Master Richard Bonso, a two-year old boy in Kumasi with a tumor growing on his face, was assisted by GRIDCo to undergo a much-needed surgery. Master Bonso had since recovered from the surgery and is doing well.

Education

Since 2011, we have sponsored the subscription of the Junior Graphic newspaper to forty-four (44) primary schools in GRIDCo's Operational Areas all over the country, where there are no community libraries. This is being done to help improve the reading and writing skills of school children in our operational areas.

OPERATIONAL REPORTS ELECTRICITY TRANSMISSION SYSTEM MAINTENANCE

The following key maintenance activities were carried out:

- Preventive maintenance inspections on power transformers; degenerated silica gels were replaced; oil leakages were also rectified as necessary.
- Defective substation equipment such as current transformers, control circuit contactors and capacitor cans were replaced.
- Maintenance works on various circuit breakers; air and/or gas leakages were repaired, defective closing/opening coils as well as compressor motors were replaced as necessary.
- Disconnect switches were checked and serviced; those requiring repair works were attended to accordingly.
- Substation lighting systems were maintained; faulty ones were repaired or replaced; station battery banks and rectifiers were also serviced.
- Thermovision surveys at various substations; hot spots identified were rectified.
- Transmission lines were inspected and maintained. Various faults which arose such as broken or fallen conductors, shattered insulators and defective clamps were repaired.
- Protection relaying systems were re-calibrated and function tested. Anomalies observed were rectified. Energy billing meters as well as panel indicating meters were also re-calibrated.

PROJECTS

ENGINEERING PROJECTS

COMPLETED PROJECT

Tumu-Han-Wa Transmission Line Project

Financier: Societe General / GRIDCo
Contractor: Eiffage Energie Transport & Distribution
Project Cost: USD50M

This project was completed in December, 2016. The project involved the construction of 161kV transmission line from Wa through Tumu and Navrongo to Bolgatanga; the construction of 161/34.5kV Tumu and Wa Substations and the upgrade of the Bolgatanga Substation. The objective was to improve upon the reliability of power supply to the Northern parts of the country.

PROJECT COMMENCED

The Project for Reinforcement of Power Supply to Accra

Financier: Japanese International Cooperation Agency (JICA)
Contractor: The Consortium of Mitsubishi Corporation, Hitachi Plant Construction Ltd. and Yurtec Corporation
Project Cost: JPY4,029,365,290

The project commenced in May 2016. The project seeks to develop a Bulk Supply Point (BSP) within the Central Business District (CBD) of Accra, to adequately and reliably meet the high electricity demand in the Area. The project will extend the 161kV network into the CBD and construct a 161/34.5kV substation to feed part of the the load by the loads presently served from Achimota and Mallam Bulk Supply Points (BSPs). The project is expected to be completed in August, 2018.

ONGOING PROJECTS

1. Prestea-Kumasi Power Enhancement Project

Financier: Korea Exim Bank
Contractor: GS Engineering & Construction of Korea
Project Cost: USD58m

This project involves the construction of a 330KV transmission line from Prestea to Kumasi. When completed, the project will improve power transfer capability from the Aboadze Generation Enclave, to the Central and Northern Belts of Ghana.
The Project is expected to be completed by June, 2018

2. Supply Improvement to Berekum Project

Financier: CAL Bank Ltd., Ghana
Contractor: Skipper Electricals Ghana Limited
Project Cost : USD16.8M + GH¢ 10M

The Supply Improvement to Berekum Project seeks to achieve an improved quality of power supply to Berekum, Dormaa Ahenkro, Sampa and all localities that are served from the Berekum Substation. To achieve this objective, a 161kV transmission line is being constructed from Sunyani to Berekum together with a 161/34.5kV substation at Berekum. The project is expected to be completed by June, 2018.

3. 34.5kV and 11.5kV Switchgear Upgrade Project

Financier: Bank of Africa
Contractor: Schneider Electric and Atlantic International Holding Company Limited.
Project Cost: Euro11.446m

The 34.5kV and 11.5kV Switchgear Upgrade Project seeks to improve the reliability of supply to customers by replacing the existing air insulated indoor metal clad switchgear with SF6 insulated indoor metal clad switchgear at Sunyani, Techiman, Tamale and Bolgatanga substations.

The works also include the provision of outdoor feeder structures fully equipped with all balance of plant including 34.5kV disconnect switches, dead tank circuit breakers,
voltage transformers, power cables etc. for feeders at the four(4) substations.
The project is scheduled for completion by June, 2018.

4. Afienya Substation Project

Financier: Ibistek Limited
Contractor: Ibistek Limited
Project Cost: USD9M

The Afienya Substation Project commenced in July, 2015. It involves the construction of a new 161 / 34.5kV substation at Afienya. The construction, among other things, consists of the installation of two (2) power transformers and construction of approximately 5km double circuit 161kV transmission line. The project is expected to be completed by March, 2018.

5. Supply Improvement to Western Region

Financier: Elsewedy Electric T & D
Contractor: Elsewedy Electric T & D
Project Cost: USD67M

The supply improvement to Western Region project involves the construction of a twin bundle 161kV transmission line from Asawinso to Mim through Juabeso. When completed, the project will improve power transmission system capability and reliability needed to adequately serve existing and additional loads.

The project also forms part of the system reinforcements required to reliably evacuate power generated from the proposed power plants in south - western Ghana to the mid and northern part of the country. In addition, it will improve the socio-economic development of the rural communities who will be connected to an effective and reliable grid supply. The project is expected to be completed in December, 2017.

6. Substation Reliability Enhancement Project

Financier: Societe General / GRIDCo
Contractor: Eiffage Energie Transport & Distribution
Project Cost: USD40M

The project seeks to upgrade and enhance the operational reliability of equipment at the Bulk Supply Points (BSPs) by replacing identified obsolete and faulty components of the transmission network, at various substations, that are contributing to unreliable and low power quality in the power network. The project also seeks to improve upon the flexibility in the operation of the power equipment at the substations.

Among other things, the project works include the replacement of obsolete substation protection, control and metering systems at the following substations:

Achimota, Winneba, Cape Coast, Takoradi, Aboadze, Prestea, Aflao, Kumasi, Obuasi, Akwatia, Old Kpong, Tafo and Dunkwa Substations. The project is expected to be completed by June, 2018.

WEST AFRICA POWER POOL PROJECTS

1. 330 kV Kumasi-Bolgatanga Transmission Project

Financier: Agence Francaise de Developpement (AFD)
Contractors: 330/161kV Kintampo SS - Elecnor S.A, Spain; 330/161kV Tamale II SS - Eiffage Energy Transport Distribution/ABB AG JV, France; 330/161kV Bolgatanga II SS - Sinohydro Corporation Ltd., China; 339kV Kumasi – Bolgatanga II Transmission Line - KEC International Ltd., India
Project Cost: GH¢100,251,435.02; USD96,622,391.57; Euro36,699,277.00

The project involves the construction of approximately 550km of 330 kV transmission line from Kumasi to Bolgatanga and associated substation works at Kintampo, Tamale and Bolgatanga. When completed, the project will provide capability of the grid to export at least 100MW of power to Burkina Faso. The project is expected to be completed in mid 2018.

2. 225 kV Bolgatanga-Ouagadougou Interconnection Project

Financiers: Agence Francaise de Developpement (AFD) and International Development Agency (IDA)
Contractors: 330/225kV Bolgatanga II SS – Sieyuan-SEPD JV of China; 225kV Bolgatanga – Ouagadougou TL - Eiffage/Energoinvest JV
Project Cost: GH¢ 2,433,931.18; USD16,946,992.98; Euro398,395.92

This project aims at increasing the quantity and security of electricity exported from Ghana to Burkina Faso. The project involves the construction of interconnection transmission lines and substations in Ghana and Burkina Faso. The project is expected to be completed by first quarter 2018.

BULK CUSTOMERS

CUSTOMER
ASANKO GHANA LTD
ADAMUS GOLD LIMITED
AKOSOMBO TEXTILES LTD
ALUWORKS
ANGLOGOLD LTD.
COMMUNAUTE ELECTRIQUE DU BENIN
DIAMOND CEMENT
DRILLWORX GHANA
ELECTRICITY COMPANY OF GHANA
ENCLAVE POWER COMPANY
GHANA CONS. DIAMOND
GHANA WATER COMPANY LIMITED
GOLDEN STAR - BOGOSO
GOLDEN STAR - WASSA
GOLDFIELDS MINING CO. LTD.
NEW CENTURY MINES
NEWMONT GOLD MINES
NEWMONT GOLDEN RIDGE LTD
NORTHERN ELECTRICITY COMPANY
OWERE MINES
PERSEUS MINING COMPANY
SANKOFA GOLD LTD
SAVANA DIAMOND CEMENT
SONABEL
SONABEL/YOUGA MINE
VALCO

AUDITED FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements of Ghana Grid Company Limited ("the Company") for the year ended 31 December 2016.

Statement of Directors' Responsibilities

The directors are responsible for the preparation of financial statements for each financial year, which gives a true and fair view of the state of affairs of the Company and of the profit or loss and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards and complied with the requirements of the Companies Act, 1963 (Act 179).

The directors are responsible for ensuring that the Company keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Nothing has come to the attention of the directors that indicated that the Company will not remain a going concern for at least twelve months from the date of this statement.

Principal Activities

The principal activity of the Company is the transmission of electricity and commercial telecommunication services.

Results

The directors in submitting to the shareholders the financial statements of the Company for the year ended 31 December 2016 report as follows:

	GH¢'000
Profit before income tax for the year is	93,268
from which is deducted income tax expense of	(24,136)
giving a profit for the year of	69,132
to which is added income surplus account balance brought forward of	630,828
giving a balance of	699,960
to which is added transfer from revaluation reserve account of	84,585
leaving a surplus carried forward on income surplus account of	784,545

Dividend

The directors do not recommend the payment of a dividend for the year ended 31 December 2016 (2015: GH¢ Nil).

Auditor

The Company's auditor, PricewaterhouseCoopers, has expressed willingness to continue in office in accordance with section 134(5) of the Companies Act, 1963 (Act 179).

By order of the board

Amb. Kabral Blay-Amihere
Board Chairman
Date: 10th November, 2017

Mr. Jonathan Amoako-Baah
Chief Executive

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF GHANA GRID COMPANY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Ghana Grid Company Limited as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963(Act 179).

What We Have Audited

We have audited the financial statements of Ghana Grid Company Limited (the "Company") for the year ended 31 December 2016.

The financial statements on pages 31 to 62 comprise:

- the income statement for the year ended 31 December 2016
- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the year ended 31 December 2016;
- the statement of changes in equity for the year ended 31 December 2016;
- the statement of cash flows for the year ended 31 December 2016; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other Information

The directors are responsible for the other information. The other information comprises report of the directors but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the financial reporting process.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF GHANA GRID COMPANY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it 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 internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' 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 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; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Companies Act, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and

iii) the Company's balance sheet (Company's statement of financial position) and Company's profit and loss account (the Company's income statement) are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is George Kwesi Arhin (ICAG/P/1187).

PricewaterhouseCoopers

PricewaterhouseCoopers (ICAG/F/2017/028)
Chartered Accountants
Accra, Ghana
17 / Nov / 17

INCOME STATEMENT

(ALL AMOUNTS ARE IN THOUSANDS OF GHANA CEDIS) YEAR ENDED 31 DECEMBER

		Year ended 31 December	
	Note	2016	2015
Revenue	5	673,835	472,345
Direct costs	6	(342,697)	(260,330)
Gross profit		331,138	212,015
Other income	7	26,087	43,039
General and administrative expenses	8	(165,617)	(75,542)
Operating profit		191,608	179,512
Finance costs	9	(99,464)	(101,159)
Finance income	10	1,124	283
Profit before income tax		93,268	78,636
Income tax expense	11	(24,136)	(33,839)
Profit for the year		69,132	44,797

The notes on pages 37 to 62 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

(ALL AMOUNTS ARE IN THOUSANDS OF GHANA CEDIS) YEAR ENDED 31 DECEMBER

	Note	Year ended 31 December 2016	Year ended 31 December 2015
Profit for the year		**69,132**	44,797
Other comprehensive income:			
Items that will not be classified to profit or loss: Gains on revaluation of property, plant and equipment and intangible assets	12 & 13	**225,374**	305,544
Deferred tax charge on gains on revaluation	11	**(55,518)**	(75,195)
Total comprehensive income for the year		**238,988**	275,146

The notes on pages 37 to 62 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

(ALL AMOUNTS ARE IN THOUSANDS OF GHANA CEDIS)

	Note	As at 31 December 2016	2015
ASSETS			
Non-current assets			
Intangible assets	13	**3,252**	207
Property, plant and equipment	12	**3,659,261**	3,018,609
Loans and receivables	14	**10,516**	10,174
Total non-current assets		**3,673,029**	3,028,990
Current assets			
Inventories	15	**19,147**	19,416
Trade and other receivables	16	**715,200**	457,087
Cash and cash equivalents (excluding bank overdraft)	17	**197,873**	157,403
Total current assets		**932,220**	633,906
Total assets		**4,605,249**	3,662,896

The notes on pages 37 to 62 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION (CONTINUED)

(ALL AMOUNTS ARE IN THOUSANDS OF GHANA CEDIS)

	Note	As at 31 December 2016	2015
As at 31 December 2016			
EQUITY AND LIABILITIES			
Equity			
Stated capital	18	**350,922**	350,922
Income surplus account	19	**784,545**	630,828
Revaluation reserve account	20	**1,115,296**	1,030,025
Total equity		**2,250,763**	2,011,775
Liabilities			
Non-current liabilities			
Deferred income	25	**8,805**	-
Deferred income tax liabilities	11	**470,203**	449,157
Borrowings	21	**940,656**	701,927
Deferred donor support	24	**5,301**	3,724
Total non-current liabilities		**1,424,965**	1,154,808
Current liabilities			
Deferred income	25	**629**	-
Trade and other payables	22	**484,832**	233,795
Current income tax liabilities	11	**151,591**	96,229
Borrowings (excluding bank overdraft)	21	**291,734**	160,504
Bank overdraft	17	**735**	5,785
Total current liabilities		**929,521**	496,313
Total liabilities		**2,354,486**	1,651,121
TOTAL EQUITY AND LIABILITIES		4,605,249	3,662,896

The notes on pages 37 to 62 are an integral part of these financial statements.

The financial statements on pages 31 to 62 were approved by the Board of Directors on November 10 2017 and signed on their behalf by:

....
Amb. Kabral Blay-Amihere
Board Chairman

....
Mr. Jonathan Amoako-Baah
Chief Executive

STATEMENT OF CHANGES IN EQUITY

(ALL AMOUNTS ARE IN THOUSANDS OF GHANA CEDIS) INCOME

	Stated capital	income Surplus account	Revaluation reserve surplus	Total
Year ended 31 December 2016				
Balance at 1 January 2016	350,922	630,828	1,030,025	**2,011,775**
Profit for the year	-	69,132	-	**69,132**
Other comprehensive income:				
Gain on revaluation of property, plant and equipment (note 12) and intangible assets (note 13)	-	-	225,374	225,374
Deferred tax on gain on revaluation of property, plant and equipment (note 11)	-	-	(55,518)	**(55,518)**
Total comprehensive income	-	69,132	169,856	**238,988**
Transfer from revaluation reserve surplus	-	84,585	(84,585)	-
Balance at 31 December 2016	**350,922**	**784,545**	**1,115,296**	**2,250,763**
Year ended 31 December 2015				
Balance at 1 January 2015	350,922	504,864	880,843	1,736,629
Profit for the year	-	44,797	-	44,797
Other comprehensive income:				
Gain on revaluation of property, plant and equipment (note 12) and intangible assets (note 13)	-	-	305,544	305,544
Deferred tax on gain on revaluation of property, plant and equipment and intangible assets (note 11)	-	-	(75,195)	(75,195)
Total comprehensive income	-	44,797	230,349	275,146
Transfer from revaluation reserve surplus	-	81,167	(81,167)	-
Total comprehensive income	-	125,964	149,182	275,146
Balance at 31 December 2015	**350,922**	**630,828**	**1,030,025**	**2,011,775**

The notes on pages 37 to 62 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(ALL AMOUNTS ARE IN THOUSANDS OF GHANA CEDIS) YEAR ENDED 31 DECEMBER

	Year ended 31 December	
	2016	**2015**
Cash flows from operating activities		
Operating profit before tax	**93,268**	78,636
Adjusted for:		
Depreciation of property, plant and equipment (note 12)	**105,339**	99,667
Amortisation of intangible assets (note 13)	**186**	5
Exchange difference on borrowings (note 21)	**74,079**	84,828
Interest expense (note 9)	**25,385**	16,331
Interest income on call accounts (note 10)	**(1,124)**	(283)
Write-off of property, plant and equipment (note 12)	**133**	845
Working capital adjustments:		
Decrease/(increase) in inventories	**269**	(4,428)
Increase/(decrease) in non-current receivables	**(342)**	58
Increase in trade and other receivables	**(258,113)**	(102,183)
Increase in trade and other payables	**251,037**	58,275
Increase in deferred income (note 25)	**9,434**	-
Tax paid (note 11)	**(3,246)**	(2,321)
Net cash generated from operating activities	**296,305**	229,430
Cash flows from investing activities		
Interest received on call accounts (note 10)	**1,124**	283
Purchase of property, plant and equipment (note 12)	**(520,924)**	(323,255)
Purchase of intangible assets (note 13)	**(3,057)**	(182)
Net cash used in investing activities	**(522,857)**	(323,154)
Cash flows from financing activities		
Proceeds from donor support (note 24)	**1,577**	3,724
Proceeds from borrowings (note 21)	**484,957**	249,712
Repayment of borrowings (note 21)	**(189,077)**	(150,440)
Interest expense paid	**(25,385)**	(16,331)
Net cash generated from financing activities	**272,072**	86,665
Net increase in cash and cash equivalents	**45,520**	(7,059)
Cash and cash equivalents at beginning of year	**151,618**	158,677
Cash and cash equivalents at end of year (note 17)	**197,138**	151,618

The notes on pages 37 to 62 are an integral part of these financial statements.

NOTES

1. General information

Ghana Grid Company Limited (GRIDCo) ("the Company") is incorporated in Ghana as a limited liability company under the Companies Act, 1963 (Act 179) and is domiciled in the Republic of Ghana. The address of its registered office is P. O. Box CS7979, Tema. The principal activity of the Company is transmission of electricity and commercial telecommunication services.

For Companies Act, 1963 (Act 179) reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by part of the income statement, in these financial statements.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 1963 (Act 179). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of property, plant and equipment.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.1.1 Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Company:

There were no new IFRS's and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 January 2016 that would be expected to have an impact on the Company's financial statements.

The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/accounting policies are not required for these amendments.

(ii) New standards, amendments and interpretations not yet adopted by the Company:

A number of new standards and amendments to standards and interpretations are available for early adoption for annual periods beginning after 1 January 2016, but have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014.

It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for

NOTES (Cont.)

2. Summary of significant accounting policies (continued)

2. 1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(ii) New standards, amendments and interpretations not yet adopted by the Company (continued):

financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss (P&L). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The directors are yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The directors are yet to assess the impact of IFRS 15.

Disclosure Initiative - Amendments to IAS 7 - Going forward, entities will be required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (e.g. drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences.

Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities. Entities may include changes in other items as part of this disclosure, for example by providing a 'net debt' reconciliation. However, in this case the changes in the other items must be disclosed separately from the changes in liabilities arising from financing activities. The information may be disclosed in tabular format as a reconciliation from opening and closing balances, but a specific format is not mandated. The amendment is effective 1 January 2017.

IFRS 16, 'Leases', sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The income statement will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like earnings before interest, tax, depreciation and amortisation (EBITDA) will change. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The directors are yet to assess IFRS 16's full impact on the Company.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

NOTES (Cont.)

2. Summary of significant accounting policies (continued)

2.2 Foreign currency translation

2.2.1 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Ghana Cedis (GH¢), which is also the Company's presentation currency.

2.2.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relates to cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income' or 'other expenses'.

2.3 Recognition of income

2.3.1 Transmission service charge

Revenue from the transmission of power is recognised when the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred for the transaction and the costs to deliver the power can be measured reliably.

2.3.2 Interest income

Income is recognised when the right to receive the interest is established.

2.3.3 Fibre optic maintenance income

Income is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

2.4 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date in the country where the Company operate and generate taxable income.

The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

NOTES (Cont.)

2. Summary of significant accounting policies (continued)

2.5 Employee benefits

2.5.1 Defined contribution plans

The Company and all its employees contribute to pension schemes which are classified as defined pension schemes. These schemes are approved by the regulatory authority.

A defined contribution scheme is a pension plan under which the entity pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company's contributions to these schemes for its employees are recognised as an employee benefit expense when they are due.

2.5.2 Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.5.3 Bonus

The Company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.6 Property, plant and equipment

Property, plant and equipment are shown at fair value, based on valuations by management on a monthly basis and by external independent valuers every five years, less subsequent depreciation. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement, and depreciation based on the asset's original cost is transferred from 'revaluation reserves' to 'income surplus account'.

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight- line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

NOTES (Cont.)

2. Summary of significant accounting policies (continued)
2.6 Property, plant, and equipment (continued)

Asset class	Useful Life (years)
Transmission asset	30 - 45
Leasehold land	Over the life of the lease
Building	40
Motor vehicles	4 -10
Computer	4 - 5
Equipment and other miscellaneous assets	4 - 8

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in the income statement.

When revalued assets are sold, the amounts included in other reserves are transferred to income surplus account.

2.7 Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

2.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non- financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.9 Inventories

The Company's inventories consist of consumables. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Cost comprise of direct purchase cost. Where appropriate, provision is made for obsolescence. Borrowing costs are not included in cost of inventories.

NOTES (Cont.)

2. Summary of significant accounting policies (continued)

2.10 Trade receivables

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.11 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.12 Stated capital

Ordinary shares are classified stated capital in equity. All shares are issued at no par value.

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.14 Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.25 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Provision

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

NOTES (Cont.)

2. Summary of significant accounting policies (continued)

2.17 Financial assets

2.17.1 Classification

All the Company's financial assets are classified as loans and receivables. The classification is driven by the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet (notes 2.10 and 2.11).

2.17.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset.

Loans and receivables are subsequently carried at amortised cost using the effective interest method. Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.17.3 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.17.4 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

NOTES (Cont.)

2. Summary of significant accounting policies (continued)
2.17 Financial assets (continued)
2.17.4 Impairment of financial assets (continued)

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

2.18 Financial liabilities

The Company's holding in financial liabilities represents mainly trade payables and other payable (note 2.15) and borrowings (note 2.13). Such financial liabilities are initially recognised at fair value and subsequently measured at amortised cost.

2.19 Government grants and donor support

Grants from the government and donor support are recognised at their fair value where there is a reasonable assurance that the grant or support will be received and the Company will comply with all attached conditions.

Government grants and donor support relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants and donor support relating to property, plant and equipment are included in non-current liabilities as deferred government grants and deferred donor support and are credited to the income statement on a straight – line basis over the expected lives of the related assets.

2.20 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

3. Financial risk management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's treasury department under policies approved by the board of directors. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

3.1.1 Market risk

3.1.1.1 Foreign currency risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollars, the Euro and the Pound Sterling. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

To manage the Company's foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Company hold some of its bank balances in foreign currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

At 31 December 2016, if the Ghana cedi had weakened/strengthened by 20% (2015: 20%) against the US dollar with all other variables held constant, post tax profit for the year

NOTES (Cont.)

3. Financial risk management (continued)
3.1 Financial risk factors (continued)
3.1.1 Market risk (continued)
3.1.1.1 Foreign currency risk (continued)

would have been GH¢79.8 million (2015: GH¢52.5 million) lower/higher, mainly as a result of US dollar denominated borrowings.

At 31 December 2016, if the Ghana cedi had weakened/strengthened by 20% (2015: 20%) against the Euro with all other variables held constant, post tax profit for the year would have been GH¢64.5 million (2015: GH¢51.6 million) lower/higher, mainly as a result of Euro denominated borrowings.

At 31 December 2016, if the Ghana cedi had weakened/strengthened by 20% (2015: 20%) against the Pound with all other variables held constant, post tax profit for the year would have been GH¢0.01 million (2015: GH¢0.01 million) lower/higher, mainly as a result of pound denominated amounts payable.

3.1.1.2 Cash flow and fair value interest rate risk

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

At 31 December 2016, if interest rates on borrowings had been 10 basis points higher/lower with all other variables held constant, the calculated post-tax profit for the year would have been GH¢3.1 million (2015: GH¢2.6 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

3.1.2 Credit risk

The Company's credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For foreign banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. For local banks and financial institutions, the Company transacts business with only those issued with operating license by the Central Bank. To manage credit risk arising from trade receivables, the credit department assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties aside those disclosed in note 16.

NOTES (Cont.)

3. Financial risk management (continued)
3.1 Financial risk factors (continued)
3.1.2 Credit risk (continued)

Exposure to credit risk

The carrying value of the company's financial assets represents its maximum exposure to credit risk.
The maximum exposure to credit risk at the reporting date was:

	2016	2015
Trade receivables	711,827	452,844
Other receivables (excluding prepayment)	1,927	1,454
Cash and cash equivalents (excluding bank overdraft)	197,873	157,403
	911,627	611,701

	2016	2015
93.01% (2015: 90.54%) of the Company's gross trade receivables are due from:		
Electricity Company of Ghana Limited	69.62%	75.22%
Volta Aluminium Company Limited	15.19%	17.01%
Northern Electricity Distribution Limited	8.20%	-

72.15% (2015: 80.86) of the cash and cash equivalents (excluding bank overdraft) are held by:

	2016	2015
Ecobank Ghana Limited	10.64%	19.37%
Societe General Ghana Limited	5.67%	4.27%
Barclays Bank PLC	46.33%	44.06%
Ghana International Bank	0.84%	3.13%
Rand Merchant Bank	8.67%	10.03%

3.1.3 Liquidity risk

Management monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 21) at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

NOTES (Cont.)

3. Financial risk management (continued)
3.1 Financial risk factors (continued)
3.1.3 Liquidity risk factors (continued)

As at 31 December 2016

	Carrying amount	**Less than 1 year**	**1-2 years**	**2-5 Years**	**Above 5 years**
Trade and other payables	484,832	484,832	-	-	-
Borrowings	1,232,390	291,734	326,538	528,527	85,591
Bank overdraft	735	735	-	-	-
	1,717,957	**777,301**	**326,538**	**528,527**	**85,591**

As at 31 December 2015 Carrying

	Carrying amount	Less than 1 year	1-2 years	2-5 Years	Above 5 years
Trade and other payables	233,795	233,795	-	-	-
Borrowings	862,431	160,504	233,068	380,974	87,885
Bank overdraft	5,785	5,785	-	-	-
	1,102,011	400,084	233,068	380,974	87,885

3.2 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost ofcapital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus netdebt.

During 2016, the Company's strategy, which was unchanged from 2015, was to maintain the gearing ratio within 1% to 2%.

	2016	2015
Total borrowings including bank overdraft (note 21) and (note 17)	**1,233,125**	868,216
Less: cash and cash equivalents (excluding bank overdraft)(note 17)	**(197,873)**	(157,403)
Net debt	**1,035,252**	710,813
Total equity	**2,236,660**	2,011,775
Total capital	**3,271,912**	2,722,588
Gearing ratio	**32%**	26%

NOTES (Cont.)

3. Financial risk management (continued)

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

See note 12 for disclosures of property, plant and equipment that are measured using the revaluation model.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4.1.1 Income tax

The Company is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

4.1.2 Fair value of property, plant and equipment

On a monthly basis management determine the fair value of the Company's property and equipment using indexation. Valuation by an external valuer is done every five years, with the most recent being in 2011. The most significant inputs used are US urban index for general price level and the Ghana cedi/United States dollar exchange rate. A 10% increase in the inputs will result in an additional revaluation gain of GH¢26.5 million (2015: GH¢18.4 million).

4.2 Critical judgements in applying the entity's accounting policies

No critical judgement was made in applying the entity's accounting policies.

NOTES (Cont.)

5. Revenue

	2016	2015	2016	2015
	GWH	GWH	Amount	Amount
Total transmission	13,077	11,225		
Sub-station usage	8	7		
Transmission loss	607	443		
Revenue from transmission services			673,835	472,345

6. Direct expenses

	2016	2015
Staff cost	83,107	76,194
Materials and spares consumed	993	2,544
Maintenance and other direct cost	32,577	22,502
Depreciation of property, plant and equipment (note 12)	97,464	92,180
Write-off of property, plant and equipment (note 12)	133	845
Transmission loss	128,423	66,065
	342,697	260,330

7. Other income

Fibre optic maintenance income	1,442	1,231
Exchange gain	17,051	41,541
Miscellaneous income	7,594	267
	26,087	43,039

8. General and administrative expenses

	2016	2015
Directors emoluments	370	275
Staff cost	61,420	45,524
Materials and spares consumed	381	1,083
Other administrative cost	37,998	18,499
Depreciation of property, plant and equipment (note 12)	7,875	7,487
Provision for bad debt	57,227	2,509
Amortisation of intangible assets (note 13)	186	5
Auditors remuneration	160	160
	165,617	75,542

NOTES (Cont.)

8. General and administration expenses (continued)

Staff cost for the year include:

Wages and salaries and other termination benefits	127,520	106,977
Employers share of pension cost	**17,007**	14,741
Allocation of staff cost:	**144,527**	121,718
Staff cost allocated to direct cost (note 6)	83,107	76,194
Staff cost allocated to general and expenses (note 8)	**61,420**	45,524

The total number of staff employed by the Company by the end of the year was 929 (2015: 900).

9. Finance costs

	2016	2015
Interest on loans and overdrafts	**25,385**	16,331
Exchange loss on borrowings (note 21)	**74,079**	84,828
	99,464	101,159

10. Finance income

Interest income	**1,124**	283

11. Income tax

(i) Income tax expense

	2016	2015
Current income tax	**58,608**	40,364
Deferred income tax credit	**(34,472)**	(6,525)
Total	**24,136**	33,839

Year ended 31 December 2016

	Balance 1 January	Charge to income statement	Payment during the year	Balance 31 December
Year of assessment:				
2008 to 2015	96,229	-	-	**96,229**
2016	-	58,608	(3,246)	**55,362**
Total	96,229	58,608	(3,246)	**151,591**

Year ended 31 December 2015

NOTES (Cont.)

11. Income Tax (continued)
(i) Income tax expense (continued)

	Balance 1 January	Charge to income statement	Payment during the year	Balance 31 December
Year of assessment:				
2008 to 2014	58,186	-	-	58,186
2015	-	40,364	(2,321)	38,043
Total	58,186	40,364	(2,321)	96,229

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits for the profit of the Company as follows:

	2016	2015
Profit before income tax	**93,268**	78,636
Corporate tax rate	**25%**	25%
Income tax using the corporate tax rate of 25%	**23,317**	19,659
Income tax using the corporate tax rate of 25%	**23,317**	19,659
Adjusted for tax effect of:		
Expenses not deductible for tax purposes	**819**	14,180
Income tax expense	**24,136**	33,839
(ii) Deferred income tax liabilities		
Balance as at 1 January	**449,157**	380,487
Credit to income statement	**(34,472)**	(6,525)
Charge to equity	**55,518**	75,195
Balance as at 31 December	**470,203**	449,157

NOTES (Cont.)

II. Income Tax (continued)
(i) Define Income tax liabilities (continued)

	At 1 January	Charged/ (credit) to income statement	Charged to equity	At 31 December
Deferred tax assets arising from: Other deductible temporary				
difference Revaluation	89,010	(34,472)	-	**54,538**
surplus on properties	360,147	-	55,518	**414,474**
	449,157	**(34,472)**	**55,518**	**4 70,203**

Year ended 31 December 2015

Deferred tax assets arising from: Other deductible temporary

	At 1 January	Charged/ (credit) to income statement	Charged to equity	At 31 December
difference Revaluation surplus on properties	95,535	(6,525)	-	89,010
	284,952	-	75,195	360,147
	380,487	(6,525)	75,195	449,157

Year ended 31 December 2015

NOTES (Cont.)

12. Property, plant and equipment

	Transmission assets	Freehold land	Leasehold land	Buildings	Motor vehicles	Computers	Miscellaneous plant & office equipment	Capital work-in progress	Total
Cost/valuation									
Balance as at 1 January 2016	3,131,907	16,129	25,817	138,889	120,331	4,316	4,639	1,139,024	4,581,052
Write-off	-	-	-	-	(2,144)	-	-	-	(2,144)
Transfers	44,893	-	-	1,994	-	-	-	(46,887)	-
Gross revaluation adjustment	487,039	-	-	19,121	3,901	603	619	-	511,283
Additions	-	-		-		-	-	509,584	520,924
Balance 31 December 2016	**3,663,839**	**16,129**	**25,817**	**160,004**	**132,808**	**5,093**	**5,704**	**1,601,721**	**5,611,115**
Depreciation									
Balance as at 1 January 2016	1,447,253	-	4,711	18,321	86,444	3,559	2,155	-	1,562,443
Write-off	-	-	-	-	(2,011)	-	-	-	(2,011)
Gross revaluation adjustment	281,101	-	-	2,972	1,134	530	346	-	286,083
Charge for the year		81,342		-	1,178	3,846	17,880	-	105,339
Balance at 31 December 2016	**1,809,696**	**-**	**-**	**5,889**	**25,139**	**103,447**	**4,580**	**-**	**1,951,854**
Net book value									
At 31 December 2016	**1,854,143**	**16,129**	**19,928**	**134,865**	**29,361**	**513**	**2,601**	**1,601,721**	**3,659,261**
At 31 December 2015	1,684,654	16,129	21,106	120,568	33,887	757	2,484	1,139,024	3,018,609

Analysis of depreciation charged to the income statements:	**2016**	2015
Included in cost of sales (note 6) – depreciation of transmission and other related assets	**97,464**	92,180
Included in general and administrative expense (note 8)	**7,875**	7,487
Total depreciation charge for the year	**105,339**	99,667

NOTES (Cont.)

Property, plant and equipment (cont.)

	Transmission assets	Freehold land	Leasehold land	Buildings	Motor vehicles	Computers	Miscellaneous plant & office equipment	Capital work-in progress	Total
Cost/valuation									
Balance as at 1 January 2015	2,519,641	16,129	25,817	106,636	89,743	3,462	3,288	842,004	3,606,720
Write-off	(2,838)	-	-	-	(73)	-	-	-	(2,911)
Gross revaluation adjustment	606,983	-	-	24,073	21,516	734	682	-	653,988
Additions	8,121	-	-	8,180	9,145	120	669	297,020	323,255
Balance as at 31 December 2015	3,131,907	16,129	25,817	138,889	120,331	4,316	4,639	1,139,024	4,581,052
Depreciation									
Balance as at 1 January 2015	1,040,545	-	3,533	11,944	56,557	2,436	1,353	-	1,116,368
Write-off	(2,032)	-	-	-	(34)	-	-	-	(2,066)
Gross revaluation adjustment	331,551	-	-	2,898	13,173	542	310	-	348,474
Charge for the year	77,189	-	1,178	3,479	16,748	581	492	-	99,667
Balance at 31 December 2015	1,447,253	-	4,711	18,321	86,444	3,559	2,155	-	1,562,443
Net book value									
At 31 December 2015	1,684,654	16,129	21,106	120,568	33,887	757	2,484	1,139,024	3,018,609
At 31 December 2014	1,479,096	16,129	22,284	94,692	33,186	1,026	1,935	842,004	2,490,352

NOTES (Cont.)

12. Property, plant and equipment (cont.)

A revaluation of the Company's property, plants and equipment and intangible assets was performed to determine their fair values as at 31 December 2015 and 2014. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'revaluation reserves' in shareholders equity. Set out below are the hierarchy for classifying valuation inputs:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The most significant inputs used in the valuation are set out in note 4.1.2 and are classified under the level 2 fair value inputs hierarchy.

Valuation processes of the Company

On a monthly basis management determines the fair value of the Company's property and equipment using the indexation method. Valuation by an external valuer is done every six years, with the most recent being in 2011.

13. Intangible assets

Software

Cost/valuation	**2016**	2015
Balance as at 1 January	**352**	-
Additions	**3,057**	182
Gross revaluation adjustment	**291**	170
At 31 December	**3,700**	352
Amortisation	**145**	
Balance as at 1 January		-
Gross revaluation adjustment	**117**	140
Charge for the year	**186**	5
At 31 December	**448**	145
Net book value at 31 December	**3,252**	207

NOTES (Cont.)

14. Loans and receivables

	2016	2015
	10,516	10,174

Represents various loans granted to staff with duration of between five and ten years.

15. Inventories

	2016	2015
Stores and spare parts	19,147	19,416

16. Trade and other receivables

	2016	2015
Gross trade receivable	776,254	460,044
Impairment of trade receivables	(64,427)	(7,200)
Net trade and other receivables	711,827	452,844
Fibre optic maintenance debtor	596	443
Prepaid expenses	1,446	2,789
Staff advances	1,331	1,011
	715,200	457,087

Out of the gross trade receivable of GH¢776.4 million (2015: GH¢460.044 million) GH¢ 721.946 million (2015: GH¢ 416.507 million) is due from related parties (note 23).

The maximum amount of staff loans during the year did not exceed GH¢10.516 million (2015: GH¢10.174 million).

All trade debtors and other receivables (excluding prepayments) set out in note 16 are current and their carrying amounts approximate their fair valu

17. Cash and cash equivalents

	2016	2015
Call account	9,118	393
Cash at banks and on hand	188,755	157,010
	197,873	157,403

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2016	2015
Cash and cash equivalents	197,873	157,403
Bank overdraft	(735)	(5,785)
	197,138	151,618

Included in cash and cash equivalents is GH¢ 150.82 million (2015: GH¢ 139.45 million) representing amounts held in debt service reserve accounts to service the Company's debt facilities.

NOTES (Cont.)

18. Issued capital

i. The number of shares authorised, issued and in treasury are as follows:

	2016	2015
Ordinary:		
Authorised	**10,000,000**	10,000,000
Issued	**10,000,000**	10,000,000
ii. Proceeds from the issued shares are as follows:		
Ordinary shares:		
Issued for cash	**1**	1
Consideration other than cash	**350,921**	350,921
Total	**350,922**	350,922

19. Income surplus account

The income surplus balance represents the amount available for distribution to the members of the Company, subject to regulations imposed by Companies Act 1963 (Act 179). Movements in the income surplus account are shown as part of the statement of changes in equity on page 35.

20. Revaluation reserve account

The revaluation reserve balance represents revaluation gains on the Company's property, plant and equipment. Movements in the income surplus account are shown as part of the statement of changes in equity on page 35.

21. Interest bearing loans and borrowings

	2016	2015
Loans due within one year	**291,734**	160,504
Loans falling due after one year		
Loans due within two and five years	**855,065**	614,042
Over five years	**85,591**	87,885
	940,656	701,927
Total borrowings	**1,232,390**	862,431

NOTES (Cont.)

21. Interest bearing loans and borrowings (continued)

Year ended 31 December 2016

Lender	At start of year	Drawdowns	Repayment	Exchange difference	At end of Year
Newmont Ghana Gold Mines	5,374	-	(5,449)	75	-
Rand Merchant Bank	45,922	-	(14,886)	3,372	34,408
Standard Chartered Bank	17,796	-	(18,047)	251	-
CAL Bank Cedi	324	-	(324)	-	-
Ghana International Bank	7,197	-	(7,678)	481	-
Societe Generale Ghana Limited	159,125	-	(21,051)	8,811	146,885
Societe Generale Ghana Limited	119,400	-	(14,811)	6,552	111,141
HSBC	15,076	-	(5,169)	1,168	11,075
Nordea Bank	131,720	-	(14,554)	7,164	124,330
Stanbic Bank	11,362	-	(5,189)	-	6,173
Ecobank	213,184	67,251	(31,378)	20,086	269,143
CAL Bank	59,155	-	(10,783)	5,281	53,653
Bank of Africa	38,100	-	(6,737)	6,254	37,617
Agence Francaise de Development	5,610	209,558	-	7,872	223,040
IDA 4971 GH (WB)	16,011	11,059	-	1,723	28,793
Ghana International Bank (STL)	17,075	-	(17495)	420	-
Societe Generale (STL)	-	19,516	(8,181)	161	11,496
Newmont Golden Ridge	-	11,640	(2,349)	914	10,205
IBISTEK- Afienya Substation	-	19,992	(3,374)	1,092	17,710
Sunon Asogli	-	9,374	(1,622)	750	8,502
Export - Import Bank of Korea	-	81,128	-	736	81,864
LC – GCB - Import Bank of Korea	-	4,747	-	-	4,747
Ministry of Finance - On Lending	-	50,692	-	916	51,608
Total	**862,431**	**484,957**	**(189,077)**	**74,079**	**1,232,390**

NOTES (Cont.)

21. Interest bearing loans and borrowings (continued)

Year ended 31 December 2015

Lender	At start of year	Drawdowns	Repayment	Exchange difference	At end of year
Newmount Ghana Ltd	12,937	-	(9,904)	2,341	5,374
CAL Bank	14,139	510	(16,227)	1,578	-
Rand Merchant Bank	45,183	-	(7,074)	7,813	45,922
Standard Chartered Bank	33,723	-	(21,533)	5,606	17,796
IBISTEK	5,517	-	(6,630)	1,113	-
CAL Bank Cedi	1,620	-	(1,296)	-	324
Ghana International Bank	14,041	-	(7,702)	858	7,197
Societe Generale Ghana Limited	168,222	-	(23,795)	14,698	159,125
Societe Generale Ghana Limited	69,552	59,014	(18,261)	9,095	119,400
HSBC	14,853	2,269	(4,960)	2,914	15,076
Nordea Bank	105,203	26,425	(6,845)	6,937	131,720
Stanbic Bank	11,109	2,913	(2,660)	-	11,362
Ecobank	114,958	89,613	(12,501)	21,114	213,184
CAL Bank	26,998	28,049	(1,555)	5,663	59,155
Bank of Africa	30,605	14,663	(9,497)	2,329	38,100
Agence Francaise de Development	4,733	-	-	877	5,610
Ghana International Bank (STL)	-	15,994	-	1,081	17,075
IDA 4971 GH (WB)	4,938	10,262	-	811	16,011
Total	678,331	249,712	(150,440)	84,828	862,431

Summary of loan facilities

- Newmount Ghana Ltd Constructed the Ahafo Power Project and passed on the cost to GRIDCo as a loan. The loan is Dollar denominated with a tenor of 11 years and an interest rate of 8%.
- CAL Bank financed the Accra third bulk supply with a Dollar and Cedi denominated loan. The tenor is 4 years with 18 months grace Year. Interest rate is 11% and 25% for the Dollar and Cedi loans respectively. Cal also financed the Supply improvement to Brekumproject with a Dollar loan. The tenor is 7 years with 2 years grace Year with an interest rate of 8.5%.
- Rand Merchant Bank financed the Smelter II project with a Dollar denominated loan with a tenor of 7 years with 36 months grace Year. Interest rate is LIBOR plus 3%.

NOTES (Cont.)

21. Interest bearing loans and borrowings (continued)

Summary of loan facilities (continued)

- IBISTEK financed the construction of Warehouse and passed on a Dollar denominated loan to GRIDCo. Tenor is 4 years with 12 months grace Year. Interest is 6.25%.
- Standard Chartered bank financed the supply of transformers with a Dollar loan. Tenor is 5 years with 12 months grace Year. Interest rate is LIBOR plus 5.85.
- Ghana International bank financed the Supply of Transformers with a Dollar loan. Tenor is 6 years with 12 months grace Year. Interest rate is 7.25%.
- HSBC financed the Prestea Bogosu transmission lines and Substation Refurbishment Project with a Dollar loan. Tenor is 5 years with 12 months grace Year. Interest rate is LIBOR plus 1.90.
- Stanbic Bank co-financed the Bawku Zebilla Reinforcement Project with a Cedi loan. Tenor is 7 years with 2 years grace Year. Interest rate is 23.5%.
- Ecobank financed the Supply Improvement to Western Region Project with a Euro denominated loan. Tenor is 7 years with 2 years grace Year. Interest rate is 5%.
- Bank of Africa financed the Switchgear Upgrade Project with a Euro denominated loan. Tenor is 6.5 years with 24 months grace Year. The interest rate is 9%.
- Agence Francaise de Development financed the 330kv Kumasi to Bolgatanga Transmission line and other components with a Euro Loan. The facility has a 20 years tuner with 5 years moratorium. Interest is 6 months LIBOR plus 1.63%.
- The IDA 4971 GH is a World Bank facility. The facility is for 35 years with a 10 year moratorium.
- Ghana International Bank made available to GRIDCo a dollar short-term facility for general corporate purpose at a 6.25% interest rate over a six month period from August 2015 to February 2016.
- Societe Generale Ghana Limited financed the Tumu-Han-Wa transmission Project and the Substation Reliability Project with a Euro denominated loan. Tenor is 12 and 11.5 years respectively with 29 and 23 months moratorium respectively. Interest rate is EURIBOR plus 1.75% for the two loans.
- HSBC financed the Prestea Bogosu transmission lines and Substation Refurbishment Project with a Dollar loan. Tenor is 5 years with 12 months moratorium. Interest rate is LIBOR plus 1.9%.
- NORDEA Bank financed the Bawku Zebilla Reinforcement Project with a Euro Loan. Interest rate is EUROBOR plus 1.94% with a tenor of 13 years. The moratorium is 3 years.

22. Trade and other payables

	2016	2015
Amount due to Public Utility Regulatory Commission	**62,335**	39,876
Amount due to related party (Volta River Authority) (note 23 (b))	**216,850**	94,093
Power infrastructure and ancillary service charge	**103,029**	-
Trade payables	**99,496**	93,661
Accrued expenses	**3,122**	6,165
	484,832	233,795

NOTES (Cont.)

23.Related party transactions

Ghana Grid Company Limited is wholly owned by the Government of Ghana. The Company is related to Volta River Authority, Electricity Company of Ghana, Northern Electricity Distribution Company Limited and Volta Aluminium Company Limited through common shareholding.

During the year transactions between the Company and its related parties are as follows:

(i)Provision of transmission services:

	2016	2015
Electricity Company of Ghana	466,987	291,914
Volta Aluminium Company Limited	30,081	29,378
Northern Electricity Distribution Company Limited	57,418	38,960

Rendering of services:

Volta River Authority	4,621	2,492

Year end balances arising from transactions with related parties are as follows:

(a) Loans due from related parties:

	2016	2015
Long-term portion of staff loan (note 14)	10,516	10,174
Short-term portion of staff loans (note 16)	1,331	1,011
	11,847	11,185

Year end balances arising from transactions with related parties are as follows (continued):

(b) Receivables due from related parties:

	2016	2015
Electricity Company of Ghana	540,397	339,695
Volta Aluminium Company Limited	117,889	76,812
Northern Electricity Distribution Company Limited	63,660	-
	721,946	416,507

(c) Payables due to related parties:

Volta River Authority (VRA)	216,850	94,093

(d) Compensation of key management personnel of the Company

	2016	2015
Salaries, wages and termination benefits	5,741	3,138
Employers pension contribution	1,123	938
	6,864	4,076

NOTES (Cont.)

24. Donor support

Donor support represents grants from Agence Française de Développement (AFD) to support the construction of a 330 kilo-volts transmission line from Kumasi to Bolga to reinforce its network and a 225 kilo-volts interconnection from Bolga to Burkina Faso. These grants are included in non-current liabilities as 'deferred donor support' in the statement of financial position and are credited to income statements after the completion of the project on a straight- line basis over the expected lives of the related assets. The movement in donor support during the year is set out below:

	2016	2015
Balance as at 1 January	3,724	-
Receipts during the year	1,577	3,724
	5,301	3,724

25. Deferred income

Deferred income represents the unamortised portion of prepaid lease paid by a customer for a designated route segment of the Company's transmission grid.

The movement in deferred income is set out below:

	2016	2015
As at 1 January	-	-
Addition	9,434	-
As at 31 December	9,434	-

The maturity analysis of deferred income is set out below:

Between 0 to 12 months	629	-
Between 12 months to 18 months	8,805	-
	9,434	-

26. Comparatives

Where necessary, comparatives have been presented to conform to presentation of the current year.

27. Contingencies and commitments

(a) Guarantees and indemnities

There were neither guarantees nor indemnities at the reporting date (2015: Nil).

(b) Contingent liability

The Company is presently involved in certain legal proceedings. The court cases arose in the normal course of business. In the directors' opinion, after seeking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss to the Company (2015: Nil).

(c) Commitments

Capital commitments at the balance sheet date is GH¢1,031 million (2015: GH¢651 million). This is in respect of the construction of transmission assets.

PROXY FORM

I.. of ....

being a Member of the above-named Company hereby appoint ....of ....
....as our proxy to vote for us on our behalf at the 8th Annual General Meeting of the Company to be held at the .... on .... at .... and every adjournment thereof.

Please indicate with an "X" in the spaces below how you wish your vote to be cast.

RESOLUTION	FOR	AGAINST
1. To receive and consider the Financial Statements for the year ended December 31, 2016, together with the Reports of the Directors and Auditors thereon.		
2. To authorize Directors to re-appoint auditors to audit the 2017 Financial Statements and to fix the remuneration of Auditors.		

Signed this .... day of December, 2017

Shareholder's Signature..

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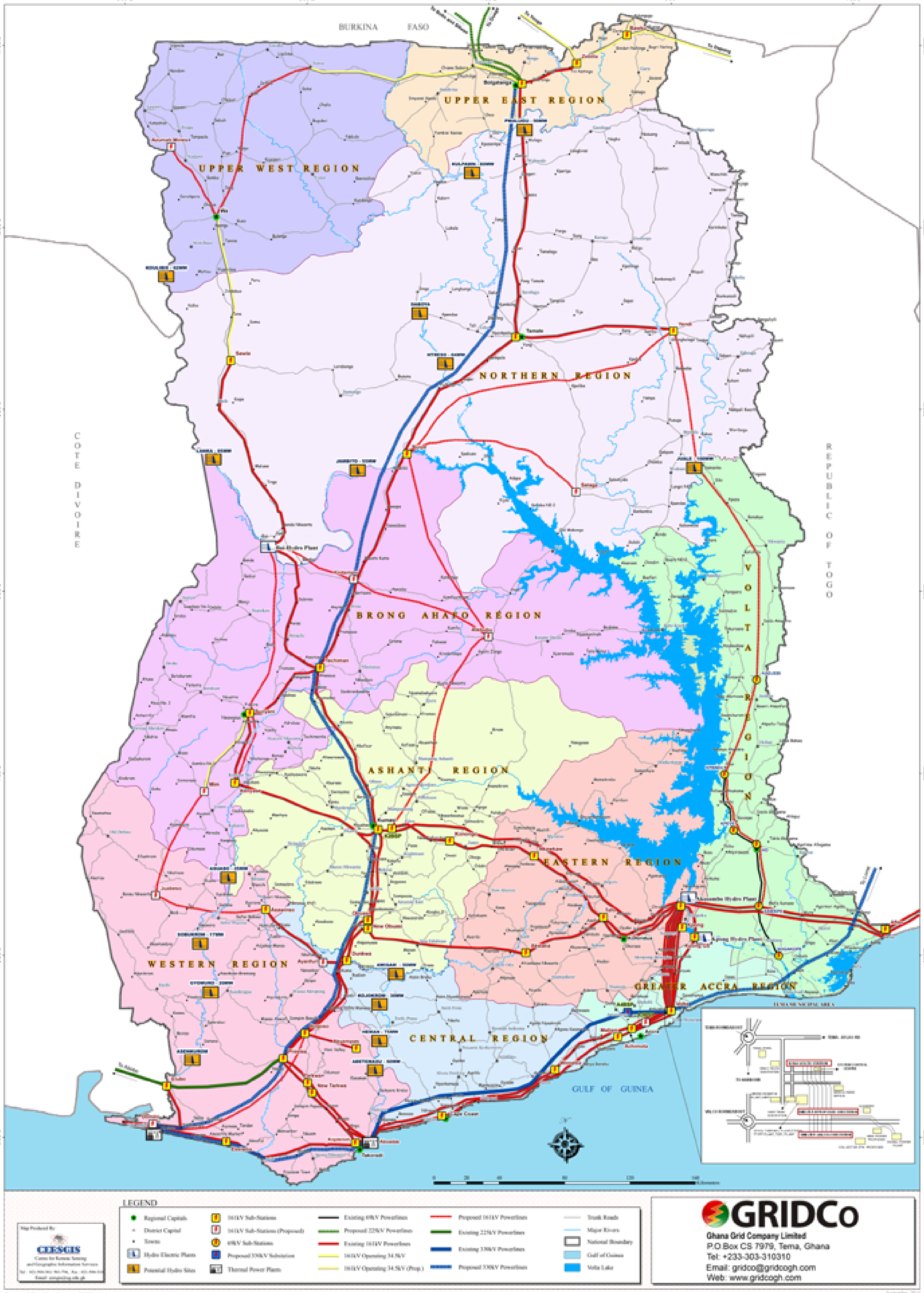
NATIONAL INTERCONNECTED TRANSMISSION SYSTEM OF GHANA



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