GRIDCo

Backbone to Power Delivery

GHANA GRID COMPANY LIMITED

ANNUAL REPORT 2014

CONTACT DETAILS

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NOTICE AND AGENDA OF THE SIXTH (6TH) ANNUAL GENERAL MEETING OFTHE GHANA GRID COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the 6th Annual General Meeting of the Ghana Grid Company Limited (GRIDCo) will be held at GRIDCo Head Office, Tema on October 14, 2015 at 10.00a.m. to transact the following business:

1. To receive and consider the Financial Statements for the year ended December 31, 2014, together with the Reports of the Directors and Auditors thereon;

2. To authorize Directors to appoint auditors to audit the 2015 Financial Statements and to fix the remuneration of Auditors.

DATED IN ACCRA THIS DAY 17th Day of August 2015.
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, P. O. Box CS 7979, off Tema/Aflao Road, Tema, not less than 48 hours before the appointed time of the meeting.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Alhaji Huudu Yahaya	Chairman
Ing. William Amuna	Chief Executive
Dr. Patrick Buah	Member
Mr. Anthony El Adas	Member
Mr. Adam Mukaila	Member
Mr. Kwabla Dogbe Senanu	Member
Mr. Daniel Yahaya	Member
Mr. Mark Ofori-Amanfo	Member*

BOARD SECRETARY

Monica Nana Ama Senanu (Mrs.)

REGISTERED OFFICE

Ghana Grid Company Limited
Off Aflao Highway, Tema
P. O. Box CS 7979
Tema
Ghana

Tel: +233(0)303 304 818
Fax: +233(0)302 676 185
E-Mail: gridco@gridcogh.com
Website: www.gridcogh.com

AUDITORS

PricewaterhouseCoopers
No.12 Airport City
Una Home, 3rd Floor
PMB CT42 Cantonments
Accra, Ghana
Tel: +233 302 761 500
Fax: +233 302 761 544

*Appointed in January 2015

VISION: To be the model electricity grid company.

MISSION: We provide a reliable electricity grid for development.

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	Adherence to moral and ethical principles as well as non-discrimination and transparency in our service delivery.
SAFETY	Commitment to the highest safety standards and environmental practices.
EXCELLENCE	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.

OUR BUSINESS IN BRIEF

In line with the Power Sector Reforms, GRIDCo was incorporated in 2006 to provide power transmission services 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 an eight (8) - 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. Ownership

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), the mines and manufacturing companies .

GRIDCo owns and operates over 5,100 km of high voltage transmission lines across the country, which are 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 fifty-four (54) 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 eleven departments have been mandated to execute GRIDCo's functions;

- System Operations
- Engineering
- Network Performance,
- Southern Network Services
- Northern Network Services
- Finance
- Human Resources & Services
- Legal Services and Board Secretariat
- Internal Audit
- West African Power Pool (WAPP) Projects
- Corporate Planning.

AREA OPERATIONS

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, Tamale Areas

REGULATORS

The operations of the company are regulated by the following entities:
Public Utilities Regulatory Commission (PURC)
Energy Commission (EC)
State Enterprises Commission (SEC)
Environmental Protection Agency (EPA)

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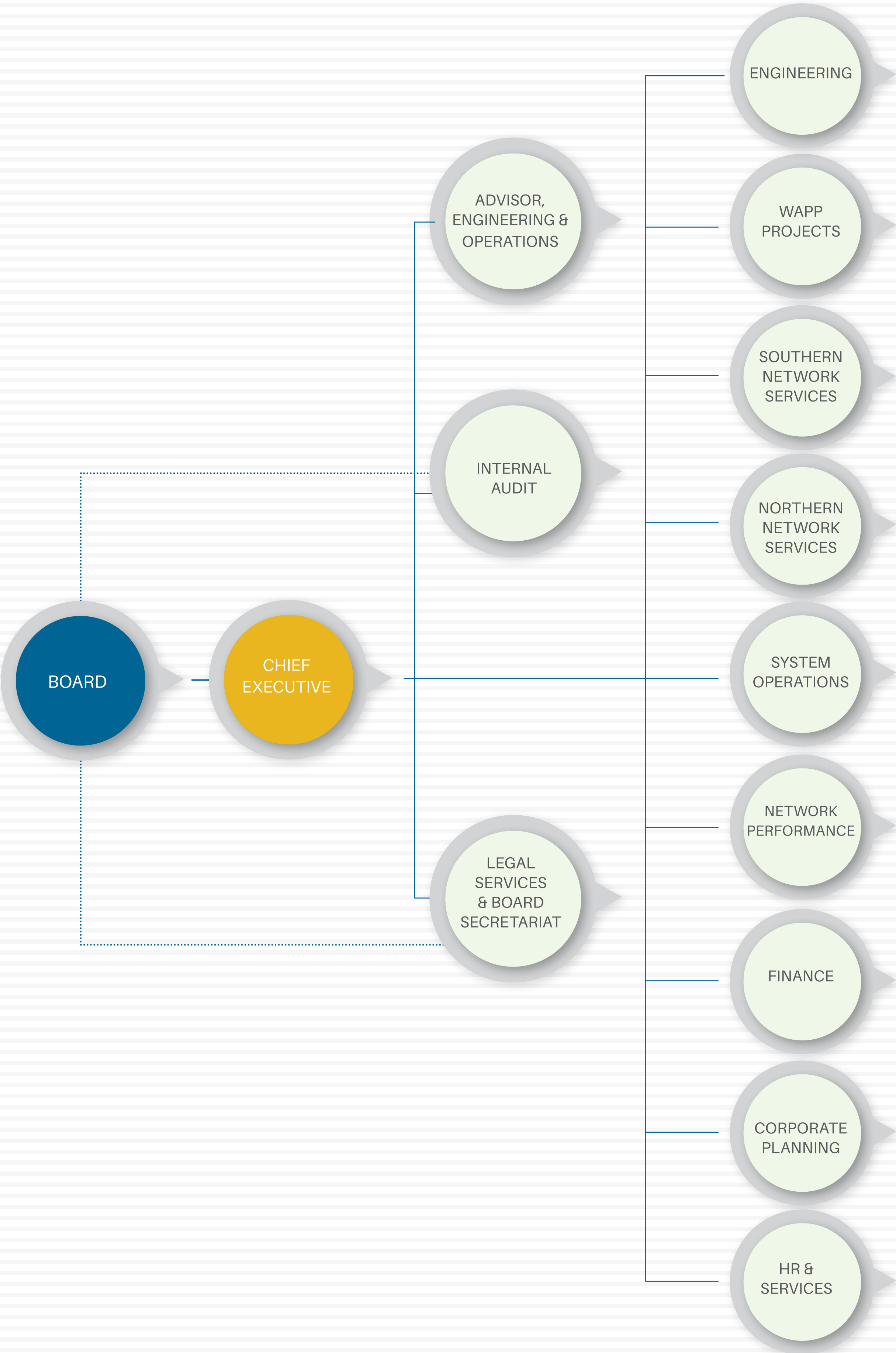
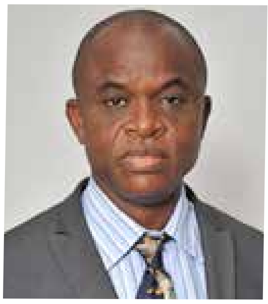
ORGANISATIONAL STRUCTURE



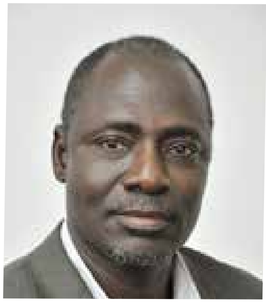
BOARD OF DIRECTORS

Alhaji Huudu Yahaya
Chairman



Ing. William Amuna
Chief Executive

Mr. Adam Mukaila
Member



Dr. Patrick Buah
Member

Mr. Anthony El Adas
Member

Mr. Mark Ofori-
Amanfo - **Member**

Mr. Kwabla Dogbe
Senanu - **Member**

Mr. Daniel Yahaya
Member

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDER,

Distinguished ladies and gentlemen,

On behalf of the Board, I welcome you to the Sixth Annual General Meeting of Ghana Grid Company Limited (GRIDCo) and present to you an overview of the execution of our strategies and performance during the year 2014.

The year under review was very challenging for the Power Sector. Power supply deficits occasioned by gas shortages, plant breakdown as well as plant shut downs for maintenance affected the total volume of energy transmitted for the year. Notwithstanding this, we continued to engage in activities which would ensure the existence of a robust and resilient National Interconnected Transmission System (NITS) to match the growing demand for electricity across the country to promote socio-economic development.

Our challenges brought to the fore, the need for us to maintain stronger partnerships with other stakeholders in the power sector in order to find lasting solutions to those challenges.

FINANCIAL OPERATIONS

The financial environment for the Company for 2014 was very challenging. The finances of the Company were constrained by electricity generation shortfall, high receivables from some bulk customers and the depreciation of the Ghana Cedi.

The poor cash flow situation affected the normal operations of the company as some planned projects and works had to be deferred. Total revenue for the year was GH¢395.94 Million, a 31.71% increase from year 2013.

The generation deficit and the depreciation of the Ghana Cedi advsersely affected the financial performance of the company. In the light of these challenges the company recorded a Net Loss of GH¢ 41.503 Million.

POLICY ISSUES

Performance Management System

In 2014, GRIDCo continued on its journey to transform itself into a High Performing Organisation (HPO). The Balanced Scorecard (BSC), an integrated strategic planning and performance management system, dubbed

"The GRIDCo Way," was initiated. This paradigm shift is aimed at ensuring a build-up and advancement in our professionalism in order to enhance service delivery across the grid and increase our economic value.

The implementation of the BSC involves a review of the Company's Vision Statement to align it with the strategic direction required for the company. With the BSC, targets are set objectively to ensure effective team work, accurate & effective communication, adherence to policies and procedures and cost consciousness, amongst others, in our daily work processes.

ENTERPRISE RISK MANAGEMENT

The Board is conscious of the impact of the occurrence of risk events on the Company. In accordance with the Board's commitment to ensuring the achievement of GRIDCo's objectives, a risk management system was established. This ensures a systematic and consistent approach in assessing, managing and monitoring risk throughout the organization. The Risk and Monitoring Section spearheads activities to create risk-awareness in the entire organization.

CORPORATE SOCIAL RESPONSIBILITY

The practice of supporting communities in which GRIDCo operates was initiated from the inception of the Company. In the year under review, we pursued various programmes to offer support in the areas of health, education and environment.

The practice of supporting communities in which GRIDCo operates was initiated from the inception of the Company. In the year under review, we pursued various programmes to offer support in the areas of health, education and environment.

DIVIDEND POLICY

A Corporate Dividend Policy which will guide the Company in its aim of increasing the market value of its shares was approved in the year. This policy will support the corporate strategy of internally raising adequate funds to modernize and expand the NITS. The Policy states that all profits would be reinvested in the Company for a minimum period of ten (10) years, after becoming operational. Twenty-five percent 25% of the Company's profit after tax would be distributed as dividend to the shareholder after the 11th year that is 2019.

OCCUPATIONAL HEALTH AND SAFETY

Our adherence to Health and Safety Rules continues to be a priority. Staff, contractors and all who deal with GRIDCo are continuously advised on the importance of safety and are required to perform their activities in line with specified rules.

Members of our Safety Committees receive continuous training and Substation operators and attendants were trained continuously in the use of fire prevention equipment and in the administration of manual Cardio-Pulmonary Resuscitation.

We expect to receive an Occupational Health and Safety Assessment Series (OHSAS 18001) Certificate for our Safety Management System in the near future.

MARKET OPERATIONS

We initiated the process of implementing Phase 2 of the operationalisation of the Wholesale Electricity Market (WEM), which partly involves the design, development and implementation of Market Rules for the Ghana Wholesale Electricity Market (WEM). A suitable Consultant was engaged to guide the process because of its complexity. The Public Utilities Regulatory Commission (PURC) has since held discussions with the Consultant to agree on activities which need to be carried out to assist GRIDCo and Regulators on market operationalization issues and Renewable Energies technologies integration.

NEW BUSINESS PROJECTS

Renewables

The development of standards and codes to ensure the seamless integration of renewables into the NITS is on course.

Recognising the generation deficit in the Ghana Power System, and with support from the Government, GRIDCo is earnestly collaborating with potential Independent Power Producers (IPPs), who have the capacity and the know-how to include renewable energy sources of energy in the generation mix.

GRIDCo collaborated with the Energy Commission on the issuance of a Renewable Grid Code to serve as a guide for IPPs, who would generate power, using renewable sources of energy.

By the end of December, 2014, we had held discussions with thirty-three (33) prospective renewable energy IPPS. Two of these companies have executed Memoranda of Understanding (MoUs) with GRIDCo.

Telecommunication Services

Following the Shareholder's approval in 2013 to use the Company's transmission assets to provide commercial telecommunication and related services, with the excess capacity on its fibre optic network. GRIDCo initiated a process to engage a consultant to develop a Telecommunication Master Plan, to ensure that GRIDCo uses its transmission assets efficiently.

The Master Plan will assist in the development of an efficient and reliable telecommunication network required for the delivery of all GRIDCo's Power System Operations, internal communication services (SCADA, Tele-protection, Voice, Data, Metering, Video, Smart Grid, etc.), as well as reliable connectivity to key stakeholders in the power and telecommunication industry.

Business Process Transformation Program

In 2014, the Board initiated a process to transform the company through the introduction of improved business processes driven by integrated systems and collaboration technologies. This will be accomplished through a Business Process Improvement and IT Transformation Strategy involving three (3) stages - Business Process Improvement and Change Management Project (ii) Enterprise Resource Planning Software and IT infrastructure refurbishment. The project is estimated to cost about US10 million.

FUNDING PARTNERS

We acknowledge the support of our partners who assisted us by committing finances to enable us pursue the construction of various Projects which are required for the efficient transmission of power.

In 2014, the Company continued efforts to refinance some of its short term loans to improve the financial positions of the company and attract long term loans for infrastucture projects.

OUTLOOK

We believe that the new performance management system to be introduced in GRIDCo will enhance performance and lead to the achievement of our corporate objectives.

As part of efforts to broaden our revenue base and leverage our assets for telecommunication purposes, the Company continues to intensify efforts to establish a subsidiary which will undertake commercial telecommunication services using the optic fiber assets.

We remain optimistic that the installation of additional generation capacity and the settlement of debts of our major customers will improve the financial strength of the company which will enable the furtherance of the transmission projects required for a reliable transmission network.

We believe that the new performance management system to be introduced in GRIDCo will enhance performance and lead to the achievement of our corporate objectives.

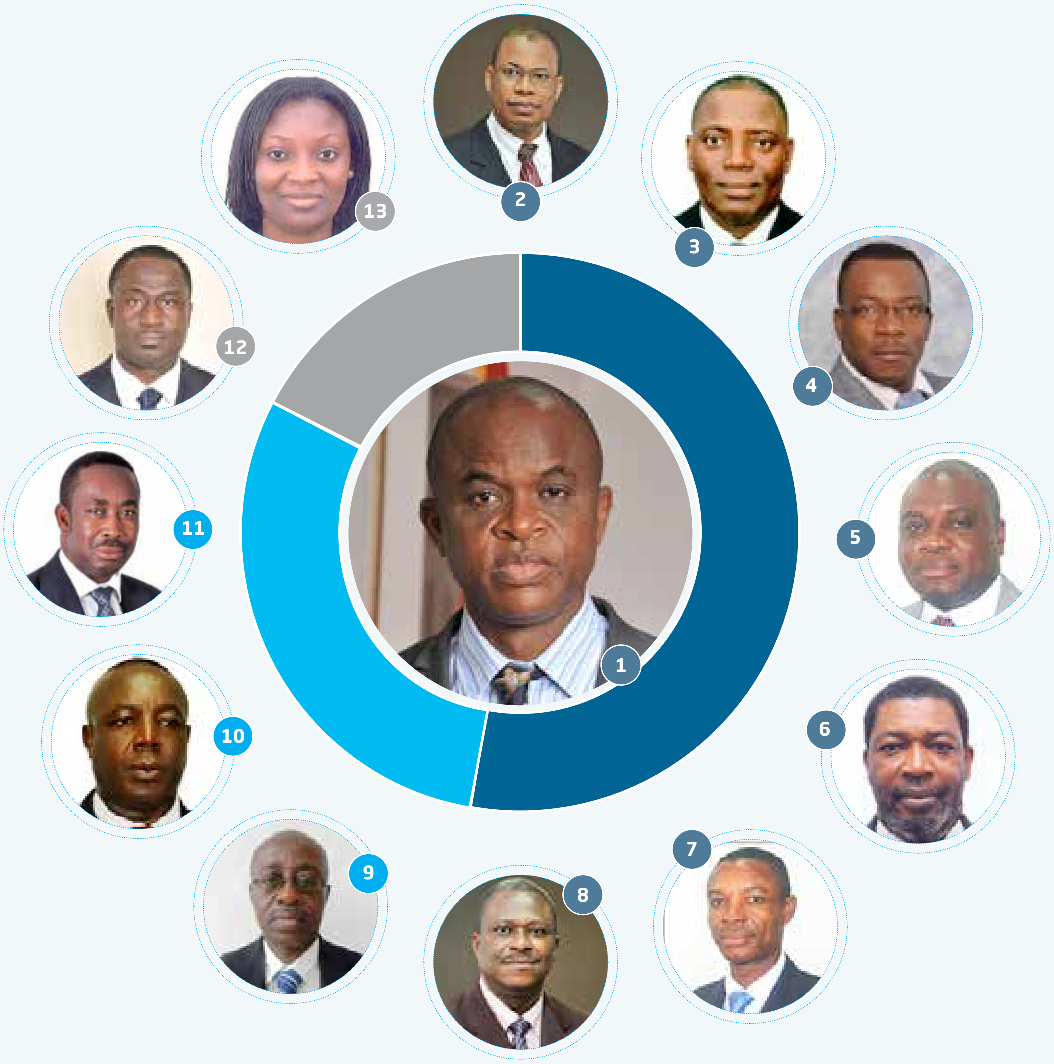
CONCLUSION

On behalf of the Board, I thank the Government and all stakeholders for their support and for the confidence reposed in my colleagues and I to run the affairs of this strategic Company.

The Board is also grateful for the immense collaboration of Management and Staff which ensures that GRIDCo continuously deliver on its mandate efficiently.

Alhaji Huudu Yahaya
BOARD CHAIRMAN

MANAGEMENT TEAM



1 ING. WILLIAM AMUNA
Chief Executive

2 MR. SURAJ O. AMADU
Advisor, Engineering & Operations

3 MR. ISAAC K. AKESSEH
Director, Corporate Planning

4 WG. CMDR. (RTD.) SAMUEL J. A. ALLOTEY
Director, Human Resource and Services

5 MR. NORBERT C.D. ANKU
Director, Southern Network Services

6 MR. ERIC ASARE
Director, Network Performance

7 MR. KOFI OKOFO DARTEY
Director, Finance

8 REV. SAMUEL F. KWOFIE
Director, Engineering

9 MR. FRANCIS KYERE
Director, WAPP Projects

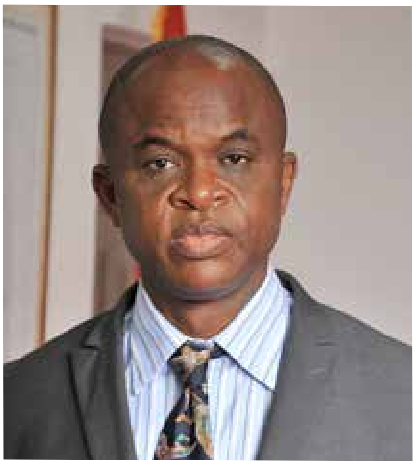
10 MR. KOFI MENSAH
Director, Northern Network Services

11 MR. BERNARD MODEY
Director, System Operations

12 MR. RICHARD NTIM
Chief Internal Auditor

13 MRS. MONICA N. A. SENANU
Company Solicitor and Board Secretary

CHIEF EXECUTIVE'S STATEMENT



ING. WILLIAM AMUNA
Chief Executive

Dear Shareholder,

Chairman and Members of the GRIDCo Board, distinguished ladies and gentlemen, on behalf of the Management and staff of GRIDCo, I present to you a summary of our business operations and corporate performance for the year 2014.

In year 2014, we continued to maintain our focus on the delivery of high quality service, by progressively creating more value for the company and ultimately for the Shareholder.

In the year under review, the energy crises continued, mainly due to a deficit in power supply. The demand for electricity consistently outweighed the generation capacity available and supplied by wholesale suppliers. Some generating units also not available. These resulted in the regular occurrence of both planned and unplanned load shedding exercises.

Despite the challenges faced by the Energy sector, GRIDCo made significant strategic and operational progress to maintain an efficient transmission network.

FINANCIAL PERFORMANCE

In 2014, as a result of lower than expected revenue due to the load shedding, we recorded a loss of GH¢41.50 Million.

GRIDCo experienced significant cash flow challenges during the year, which was mainly attributable to generation deficit and mounting receivables from ECG and VALCO. The cash flow situation led to delayed fulfilment or non-fulfilment of some contractual financial

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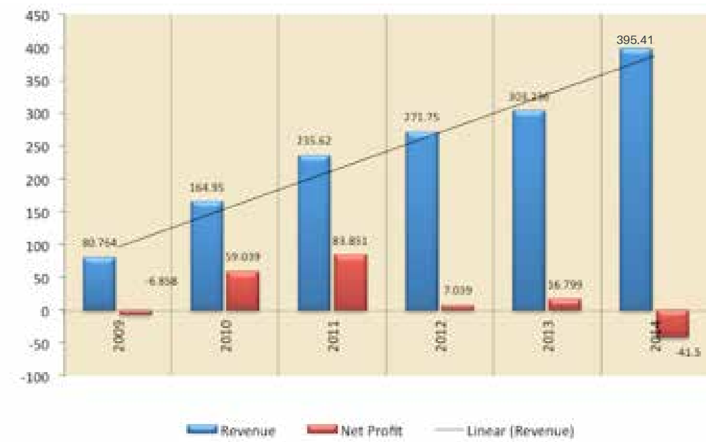


Financial Performance 2009 - 2014

obligations. The macro-economic indicators in the country such as the unfavourable exchange rate also increased the Company's financing costs.

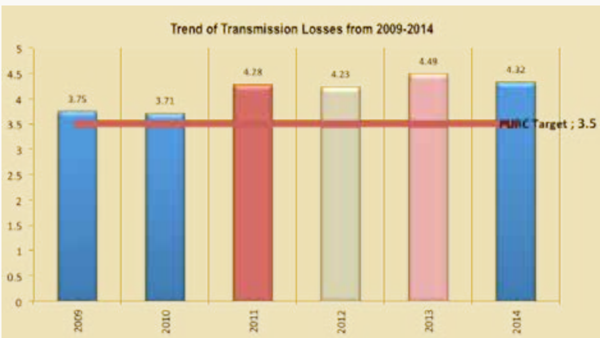
The operations of the Company were constrained by the liquidity challenges. Total revenue for the year was GH¢ 395.94 Million a 31.71 % increase from year 2013. Net Loss amounted to GH¢41.5 Million.

Management however, remained relentless in its efforts to ensure that defaulting customers settled their indebtedness to enable GRIDCo to operate efficiently.

OPERATIONAL PERFORMANCE

Power Transmission

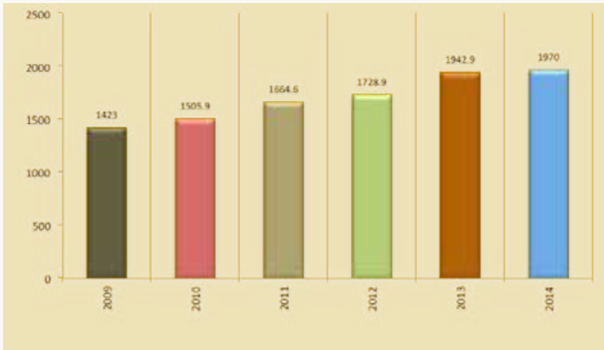
In 2014, a total of 13.07 (TWh) was transmitted with a net energy consumption of 12.48 TWh. Whilst a total energy of 0.63 TWh (629.98 GWh) was exported to CEB, SONABEL and Youga mines 0.17 TWh (165.24 GWh) was imported into the country from Ivory Coast.



Total energy generated in 2014 stood at 12.96 TWh, whilst net energy generated stood at 12.91 TWh. Total Energy wheeled across the network from CIE to CEB was 0.11 TWh (114.53 GWh).

During the period, the average transmission losses expressed as a percentage of net generation was 4.32% compared to the 4.49% in 2013.

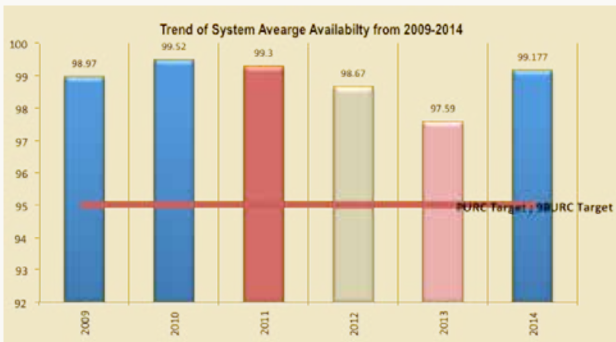
The reduction in losses could be attributed to the continued replacement of obsolete equipment and the expansion of the 161kV lines as well as 330kV, amongst others.



System Peak (MW) Trend from 2009-2014

Regarding demand, the transmission system recorded a peak demand of 1970MW on January 16, 2014, representing a 1.42% increase over that of November 28, 2013, which was 1942.9 MW. The January 16, 2014 demand is the highest ever recorded by the power system.

GRIDCo continued to collaborate with the Ministry of Power, PURC and Energy Commission, German Development Agency and other institutions to assess requirements for the integration of Renewable Energy (RE) Technologies into the transmission system.



SYSTEM MAINTENANCE

The network recorded an average system availability of 99.79%. The availability for 2012 and 2013 was 99.6% and 97.59% respectively. The improvement recorded was primarily driven by the upgrade of transformer and line capacities at the various substations.

The Company met all its planned maintenance and site inspection schedules intended to enhance the system's robustness at all times. AFLS Relays were installed and commissioned in feeders at Kumasi, Bolga and Kenyase substations. Additionally, AFLS functions were activated on protection relays at New Abirem, New Obuasi and Ayanfuri substations to safeguard the power system against instability. Maintenance works were conducted on Capacitor Banks to improve voltages for customers all over the country.

System Measurands Publisher (SMP)

We launched the System Measurands Publisher (SMP) to provide consistent remote monitoring and real time information on the power system (generation, frequency, and voltages) from a SCADA Master Station and field devices to mobile using cloud technology. The application will be upgraded to send alarms on Substation equipment to designated stakeholders.

PROJECTS

During the year under review, GRIDCo completed a number of projects, and also commenced a few more in order to expand the network and facilitate reliable power delivery across the network.

The projects completed were:

A) Sunyani - Mim Line Upgrade Project

The Sunyani – Mim Line Upgrade Project which was commenced in February, 2012 was completed in March, 2014. The project has improved the supply reliability to Mim and its environs.

B) Smelter II Substation Project

This Project was undertaken to facilitate power evacuation from the new power plants being developed in the Tema area, which included Sunon Asogli I and II, VRA's TT1PP, TT2PP and CENIT Power Plant. It has also provided additional transformer capacity (2 x 66MVA) for Electricity Company of Ghana (ECG) at Tema.

C) Ghana-Togo-Benin Interconnection Project

The Ghana section of the Project involved the construction of a 140km 330 kV Interconnection Line from Tema to the Ghana-Togo at Tornu near Dodze. The transmission line construction which commenced in September, 2011 was completed in December, 2014

The Projects that commenced in 2014 were:

A) Kpandu-Kadjebi Transmission Project

The Kpandu-Kadjebi Transmission Project in the Volta Region involves the extension of a 69 kV line from Kpandu to Kadjebi. Works under this Project is steadily progressing and expected to be completed by the first quarter of 2016.

B) Supply Improvement to Western Region Project

This Project will improve power supply to the Western Region by extending power supply to areas in the region, which are not yet covered by the national grid. Works under this Project commenced in December, 2014 and are expected to be completed by June, 2016.

C) 330 kV Kumasi-Bolgatanga

The Project Consultant was engaged and the prequalification of prospective firms for the Substation and Transmission Line substantially completed. Finalisation of the Bidding Documents by the Consultant commenced. The contracts are expected to be awarded by the end of 4th quarter of 2015.

D) 225 kV Bolgatanga - Ouagadougou Interconnection Project

Joint Bids for the Bolgatanga (Ghana) - Ouagadougou (Burkina Faso) line were called by GRIDCo and SONABEL and the Bids were expected to be submitted in February, 2015. The Contracts for the expected line construction were expected to be awarded by June, 2015 for works to start in the last quarter of 2015. Procurement of works for the terminal substations in Ghana and Burkina Faso were also planned to commence in the first quarter of 2015 for the relevant contracts to be awarded by June, 2015. The transmission line and substations were envisaged to be completed in the 2nd Quarter of 2017.

Ongoing Projects

A) Substations Reliability Enhancement Project

The Substations Reliability Enhancement Project (SREP) is one of the ongoing projects aimed at enhancing operational security, control and reliability. The Project which commenced in April 2011, is expected to be completed by June, 2016.

B) Tumu-Han-Wa Line

The Tumu-Han-Wa Line will close the 161kV line loop in Northern Ghana in order to improve the reliability and quality of supply in the region as well as to Northern Togo. The project is over 80% complete with the Wa and Tumu substations energised and fully operational. The entire project is to be completed by end of 2015.

C) 3rd Accra Bulk Supply Point Project

The expansion of the 3rd Accra Bulk Supply Point Project (A3BSP) for the installation of two No. 50/66 MVA Transformers to improve power supply to the Accra Metropolis progressed in 2014. The Substation expansion is expected to be completed in 2015. ECG has been advised to arrange for the evacuation of power from the expanded facilities.

OCCUPATIONAL HEALTH AND SAFETY

In 2014, ten Safety Co-Ordinators from all the Operational Areas were trained under the National Examination Board in Occupational Safety and Health (NEBOSH). Successful participants were awarded certificates in Occupational Safety and Health.

GRIDCo commenced the Occupational Health and Safety Assessment Series (OHSAS 18001) Certification process for its Safety Management System. We completed the Lead Auditor training for the Safety Management Team & the Internal Auditor's training for Safety Coordinators. The Company procured two defibrillators which are meant to resuscitate staff who may suffer cardiac arrest whilst on the job. GRIDCo plans to procure one defibrillator for each of GRIDCo's seven Operational Areas.

Telemetering and Billing
The installation of a modern telemetering system was initiated in 2014 to assist in the development of a more efficient billing system. Hardware systems and communication modems have been installed as well as a billing software to automate the billing processes.

Online Data Exchange
As part of the preliminary stages of the implementation of the Wholesale Electricity Market, the Data Exchange Phase, the development of an online data exchange facility was initiated. This will replace the current arrangement where Market Participants submit their Demand Forecast as well as Availability Declaration by electronic mail to the System Operator.

Power System Simulator
In fulfilment of an agreement with Kwame Nkrumah University of Science and Technology (KNUST), GRIDCo installed and tested a Power System Simulator in 2014. Fundamental training programs on the operation of the simulator were also conducted for some GRIDCo and KNUST staff by TERCO (suppliers of the Simulator) after installation. This training facility will afford both lecturers and students from the College of Engineering, KNUST, cutting-edge training on Power Systems.

HUMAN RESOURCE AND INDUSTRIAL RELATIONS

The Human Resource & Services Department initiated a transformation process to separate the core HR function from the ancillary business functions of real estates and facilities management, which were regrouped under the Engineering Department. The HR Business Partner model was also adopted as part of the transformation process for the timely delivery and resolution of HR related matters at the business unit level as well as build the capacity of the Area Administrative staff.

The Human Resource management framework of attaining the highest levels of staff engagement; creating a robust talent pipeline that would take care of staff attrition; and the upskilling of staff with the requisite competences has been the key drivers in creating a harmonious industrial relations climate: Eighty (80) technicians and engineers had local training, under a Korean grant, by the Korea Electric Power Company (KEPCO) and Sixty-six (66) had a follow-up programme in Korea. Twenty-two (22) mechanics were trained in transmission line maintenance and substation operating & maintenance courses by the Kafue Gorge Regional Training Centre in Zambia.

At the supervisory and management level, twenty (20) staff were trained at GIMPA on a Master in Public Administration programme specifically designed for the power sector. In order to establish a culture of continuous learning and to build a knowledge-worker mindset, newly engaged staff were taken through a robust selection process of aptitude tests, technical area appreciation tests and a selection interview. Initiatives are underway, in collaboration with KNUST, to establish a GRIDCo Learning Centre.

In December, 2014, staff of the Human Resources and Services, Finance and Audit Departments, who had their offices at Gyau Towers were relocated to the newly-procured pre-fabricated offices (Grid Park) at the

Grid Enclave. The Grid Park includes a gym, a canteen, and extensive carpark which together, are geared at promoting the health and efficiency of staff.

Management continued to nurture and maintain a harmonious industrial climate by efficient partnership with staff and adherence to a consultative approach to the resolution of employee relations issues.

STAKEHOLDER ENGAGEMENTS

There were many stakeholder engagements during the period under review. These included the hosting of some stakeholders, including members of the Parliamentary Select Committee on Mines and Energy who sought to acquaint themselves with the business of GRIDCo. We also engaged in discussions with the Vice Chancellor and the College of Engineering of KNUST to develop mutually beneficial arrangements.

OUTLOOK FOR 2015

The current challenges in the energy sector, which centre on inadequate generation has created an environment where innovative measures are continuously being sought and taken to resolve the challenges of transmission. The Company has initiated projects which will ensure that power generated from new power plants will be evacuated promptly to ensure reliable supply of power.

The projected base case coincident peak demand for year 2015 is 2,341 MW, which translates into an 18.8 % growth over the 2014 recorded figure of 1,970.7 MW. Some factors contributing to high increase in load demand is an expected increase in spot loads. Prominent among them are the Kpong Water Works expansion (25 MW) and works by the Enclave Power Authority (42 MW).

On-going network expansion works, rural electrification projects earmarked for commissioning in 2015 and measures to improve the quality of distribution services by ECG and NEDCo are also expected to culminate in an increase in domestic demand.

Additionally, the total expected energy consumption for 2015 is 16.04 TWh. This figure includes estimated transmission losses of 3.7 % of total energy generation. It should also be noted that the 2015 projected growth in consumption includes the energy that was not served in 2014.

The projected total hydro generation for 2015 is 6,001 GWh, this would be made up of 4,388 GWh, 913 GWh and 700 GWh from Akosombo, Kpong and Bui Generation Stations respectively.

In terms of capacity the Akosombo hydro is expected to operate 3 units at a dependable capacity of 140 MW per unit giving a total of 420 MW with availability factor of 94 %. The Kpong hydro plant on the other hand is scheduled to operate at 35 MW per unit with a total plant dependable capacity of 105 MW at an average availability factor of 94%.

The reduced generation from the hydro plants is the result of poor inflows into the reservoirs in the wet season of 2014. Further, the Kpong hydroelectric plant is currently undergoing a retrofit as a result, only 3 generating units would be available for power generation in 2015.

A steady state analysis shows that the transmission network has just enough capacity to transmit the projected power generation from all generation stations to the load centres. A number of projects have been planned for execution in 2015. The major one is the upgrade of the Volta – Achimota 161kV lines which is expected to improve upon supply reliability to Accra and reduce transmission losses.

CONCLUSION

On behalf of Management, I express my profound gratitude to the Government of Ghana, Sector Ministers, our regulators and all our development partners.

Our staff, GRIDCo's most valuable asset, also deserve appreciation for the immense commitment to duty during yet another challenging year.

We will continue to employ industry best practices to achieve utmost operational efficiencies, commercial viability and set targets for maximum staff performance.

Thank you.

....

Ing. William Amuna
CHIEF EXECUTIVE

CORPORATE GOVERNANCE

GRIDCo's corporate governance framework outlines rules and practices by which the Board of Directors ensures accountability, fairness, and transparency in the company's relationship with its stakeholders.

It comprises procedures for proper supervision, control, and the flow of information to serve as a system of checks and balances among others.

In order to steer the Company's performance towards long-term success and to establish a healthy relationship between the Shareholder and Management staff, the Shareholder has appointed an eight (8) – member Board. The Chief Executive is the only executive member of the Board.

The Board works through Committees which continuously monitor and evaluate the strategies, performance, compliance and accountability of Management and report to the Shareholder and to other stakeholders of the Company. These Committees are the Finance and Audit, Industrial Relations & Compensation, Market Operations and Engineering and Operations Committees.

The Finance and Audit Committee considers financial and operational information and reviews reports which cover actual achievements, projected or budgeted targets and other performance indicators.

The Committee reviews funding facilities and ensures the preparation, review and execution of Performance Contracts with the State Enterprises Commission. The Committee's role in the control of financial processes through the company's rules and policies is essential for effective business.

The Compensation and Industrial Relations Committee advises the Board, and guides Management to recruit and retain suitably skilled and qualified personnel. The Committee is also championing the establishment of an improved Performance Management System which will also enable regular assessment and continuous improvement of Management and staff.

The Engineering and Operations Committee ensures that GRIDCo stays focused in the achievement of its primary mandate of transmitting electricity in a reliable and cost-efficient manner. It evaluates proposals for various projects and assesses the priority of each project in relation to its impact on the NITS.

The Market Operations Committee has oversight responsibilities at the policy level on the setting up of the Wholesale Electricity Market, in accordance with relevant legislation and in fulfilment of the objects of the Power Sector Reforms. The Committee reviews Management submissions relating to requirements for market operations to the Regulator.

The Board ensures that its supervision and strategic direction lead to the achievement of the corporate goals and vison for the benefit of the company, the shareholder and the country.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is considered as important aspect of GRIDCo's activities. The Company believes in the initiation and implementation of projects and programmes in communities which are impacted by our operations. The Company's activities affect the environment as well.

As the Electricity Transmission Utility, our high voltage electricity towers run through most communities across the country. With this in mind, the company's CSR activities cover areas that in one way or the other affect the lives of all Ghanaians.

The guidelines for CSR in GRIDCo identify Education, Health and Environment as priority areas to which we hold ourselves responsible in our effort to give back to the society.

HEALTH

Over the years GRIDCo has supported the Ghana Heart Foundation. Most of the patients of the Cardiothoracic Centre in Ghana have very limited finances. The Centre and each patient bear fifty per cent each of the cost for treatment. With GRIDCo's support, some patients have enjoyed successful heart surgeries at minimal cost and have a better quality of life now.

The Company has also supported individuals who have undergone various medical procedures, both home and abroad, to improve their quality of life.

In collaboration with the KNUST, Kumasi, GRIDCo is sponsoring a research on the elimination of excess fluoride found in water in most parts of the Bongo District in the Upper East Region of Ghana. Excess fluoride in water causes dental fluorosis, a disease that affects the gum and teeth and renders them permanently brownish. It is estimated that sixty-two per cent (62%) of the total population of school children in the Bongo District suffer from dental fluorosis.

EDUCATION

The major recipient of assistance for educational purposes is the Kwame Nkrumah University of Science and Technology - Medical Students Association (KNUST-MSA). GRIDCo supports some of the medical students to achieve their mandatory foreign internship requirements.

... CSR in GRIDCo identify Education, Health and Environment as priority areas to which we hold ourselves responsible in our effort to give back to the society.

Since 2011 to date, GRIDCo has supplied forty four (44) schools in GRIDCo's Operational Areas with the Junior Graphic newspaper. Most of these areas do not have Community Libraries. This project is therefore to help the school children to improve on their reading and writing skills.

GRIDCo acquired a Power System Simulator (PSS) as part of the Kumasi Second Bulk Supply Point Project. The PSS has been made available to the College of Engineering KNUST, to aid the practical aspect of the college's training on Power System Engineering.

ENVIRONMENT

GRIDCo owns a portion of the land over which the transmission lines run as part of the network. The land, referred to as the Right-of-Way (ROW) extends for a distance of fifteen (15) meters on each side from the centre of the transmission tower for 69 kV and 161kV transmission lines and twenty (20) meters for 225 kV and 330 kV transmission lines.

As a socially responsible organization, the Company continues to educate encroachers on the danger of living close to such high voltage areas of electricity transmission.

We have also pursued other initiatives to evacuate these encroachers out of danger and to prevent outages caused by accidents emanating from the presence of these encroachers.

GRIDCo consulted with some organizations to consider collaborative options regarding the use of the ROW and the sustainability of the environment.

OPERATIONAL REPORTS

For six (6) consecutive years, GRIDCo has made targeted investments into the National Interconnected Transmission System (NITS), and we are gradually achieving the aim of developing a resilient transmission system with adequate redundancies to ensure safe, secure and reliable power supply to customers.

The Company rolled out projects, installed modern equipment and undertook appropriate loss reduction and revenue protection measures.

It is also noteworthy that despite the challenges with the generation deficit in Ghana, in 2014, there was no total collapse of the grid. This achievement was mainly attributable to the excellent and timely interventions of GRIDCo - the System Operator - to keep the system stable through all those challenges.

The Company installed energy meters and communication modems to replace old and obsolete electro-mechanical meters. These would improve accuracy and reliability of billing data and provide a facility for storing data for analysis and remote reading of consumption by bulk customers. In all, two hundred and twenty six (226) meters were replaced.

ELECTRICITY TRANSMISSION

The total projected energy transmitted for the period was 14.72 TWh and the total energy transmitted during the period was 13.07 TWh, representing a 6.35 percent increase over the 2013 figure.

The difference between the projected energy to be transmitted and the actual energy transmitted for 2014 was mainly attributable to a shortfall in generation, caused by a myriad of factors, which will be highlighted subsequently.

Additionally, the increase in actual consumption between 2013 and 2014 could be attributed to growth in economic activities, as well as increase in the standard of living (increased demand for air conditions and modern electrical gadgets etc.) of most Ghanaians.

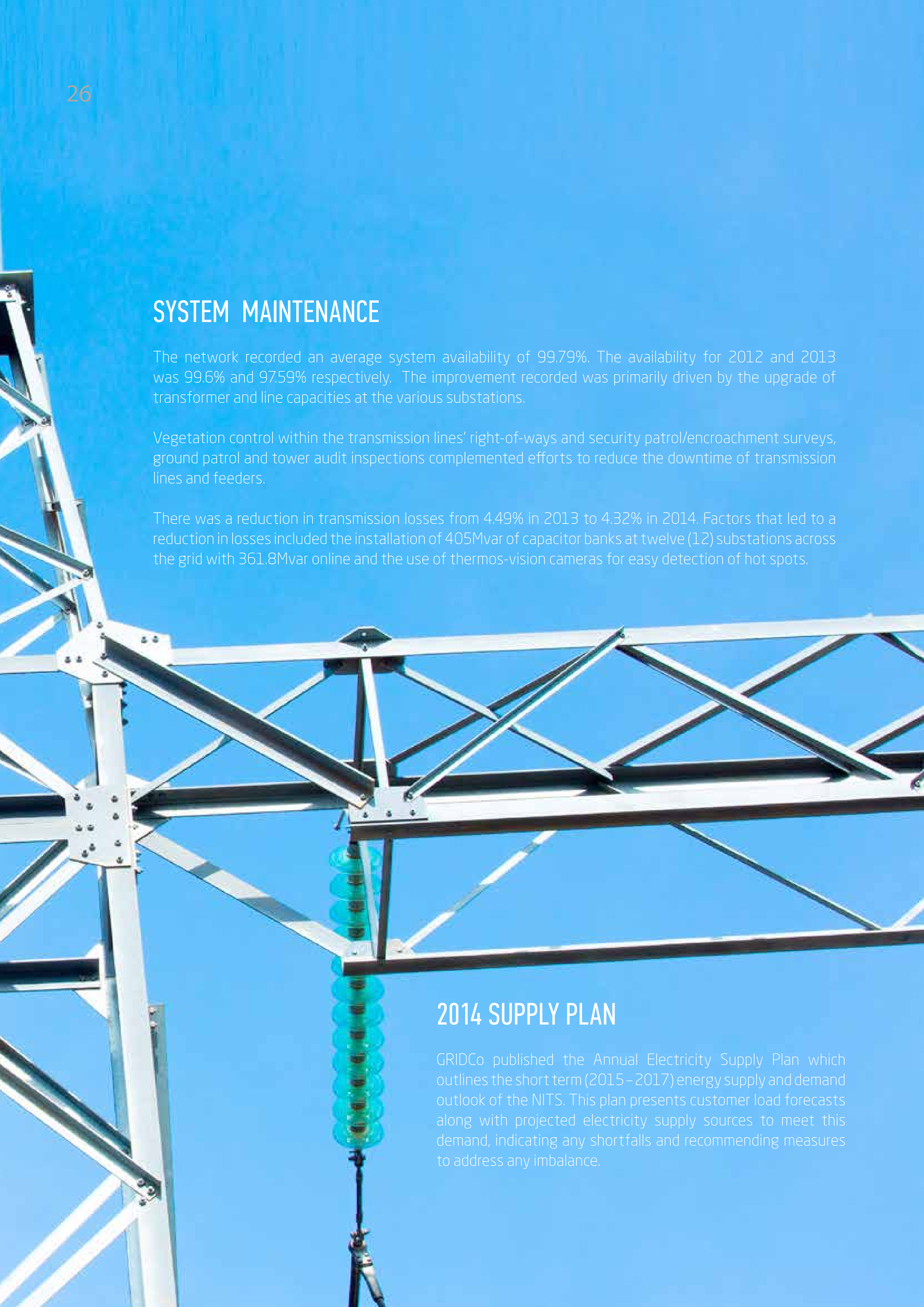
The total energy transmitted across the grid for domestic consumption was 11.87 TWh, while a total of 0.74TWh (744.51 GWh) was exported to La Communaute Electrique du Benin (CEB), Togo, La Societe Nationale D'electricite Du Burkina (SONABEL) and the Youga Mines, Burkina Faso.

Maximum power wheeled from Cote d'Ivoire to Togo/Benin was 114.53MW. Export from GRIDCo to CEB varied between a minimum of 98.70 MW and a maximum of 139.30 MW depending on availability of generation in Ghana. Furthermore, exchanges on the tie line between Ghana and Cote d'Ivoire consisted of 165.244GWh of energy imported to Ghana and 9.64GWh exported to Cote d'Ivoire. This produced a net import energy of 184.9GWh.

The peak demand for the year under review was 1,970MW, which was recorded at 20:00hrs on January 16, 2014. This represented a 1.44% increase over the 2013 peak of 1,942MW.

It is noteworthy that, after January 9, 2014, an average of about 400MW of power was shed throughout the rest of the year as a result of inadequate generation resulting from poor hydrology (low water levels in the Akosombo, Kpong and Bui hydro dams), erratic gas supply from Nigeria, a breakdown of thermal generating units, inadequate Light Crude Oil, as well as the mandatory maintenance of some of the plants.

... total energy transmitted during the period was 13,071.28 GWh, representing a 6.35% increase over the 2013 figure



SYSTEM MAINTENANCE

The network recorded an average system availability of 99.79%. The availability for 2012 and 2013 was 99.6% and 97.59% respectively. The improvement recorded was primarily driven by the upgrade of transformer and line capacities at the various substations.

Vegetation control within the transmission lines' right-of-ways and security patrol/encroachment surveys, ground patrol and tower audit inspections complemented efforts to reduce the downtime of transmission lines and feeders.

There was a reduction in transmission losses from 4.49% in 2013 to 4.32% in 2014. Factors that led to a reduction in losses included the installation of 405Mvar of capacitor banks at twelve (12) substations across the grid with 361.8Mvar online and the use of thermos-vision cameras for easy detection of hot spots.

2014 SUPPLY PLAN

GRIDCo published the Annual Electricity Supply Plan which outlines the short term (2015 – 2017) energy supply and demand outlook of the NITS. This plan presents customer load forecasts along with projected electricity supply sources to meet this demand, indicating any shortfalls and recommending measures to address any imbalance.

ENGINEERING PROJECTS

PROJECTS COMPLETED IN 2014

During the year under review, GRIDCo completed the under-listed projects, and also commenced a few more, to expand the network.

Sunyani – Mim Line Upgrade

The Sunyani – Mim line upgrade, was commenced in February, 2012 and completed in March, 2014. The project, which involved the construction of a 161/34.5kV substation at Mim, supplied by a 161kv line from Sunyani has improved the supply reliability for Mim and its environs.

The substation has facilitated the connection of about five hundred (500) communities in the Brong-Ahafo and Western regions to the grid.

The project was funded by the Government of Ghana, with a loan from the US Eximbank, through the Ministry of Energy, at a total cost of US$18.8 million.

Smelter II Substation Project

The Project was undertaken to facilitate power evacuation from the new power plants being developed in the Tema area, which included Sunon Asogli I and II, VRA's TT1PP, TT2PP and CENIT Power Plant. It has also provided additional transformer capacity (2 x 66MVA) for Electricity Company of Ghana (ECG) at Tema to increase reliability of supply to Tema.

The project was funded by Rand Merchant Bank of South Africa and executed by Consolidated Power Projects (Pty) Limited (CONCO) also of South Africa at a cost of US$25 million.

PROJECTS COMMENCED IN 2014

Kpandu-Kadjebi Transmission Project

The Kpandu-Kadjebi Transmission Project in the Volta Region of Ghana involves the extension of a 69 kV line from Kpandu to Kadjebi.

Works commenced in November, 2014. The project, which is being funded by the KBC Bank of Belgium, is expected to be completed in June, 2016 at an estimated cost of US$ 20 Million.

Supply Improvement to Western Region Project

The project will improve supply to the Western Region by extending power to areas in the Region which are not yet covered by the grid. Payment of compensation to affected properties has been made, and the erection of equipment has commenced at the Asawinso Substation. The project, is being funded by Elsewedy Electrical, Egypt, at a cost of US$67 million, and is expected to be completed in June, 2016.

Kpone Substation Project

The Kpone substation project commenced in March, 2014, on the outskirts of Tema in the Greater Accra Region, when completed in June, 2016, it will evacuate power from the Kpone Thermal Power Station. Transmission Line works are in progress with the temporal connection to the power station completed.

330 kV Kumasi-Bolgatanga Transmission Project

The 330 kV Kumasi-Bolgatanga Transmission Line Project when completed, will reinforce the Ghana Power System and ensure the transfer of at least 100 MW of electricity to Burkina Faso on the proposed Ghana - Burkina Faso Interconnection Project as well as supply of power to other parts of the Sahelian Region. The Project is funded by the French development agency, Agence Francaise de Developpment (AFD).

The Project consists of the construction of over 530 km of transmission lines from Kumasi to Bolgatanga and associated new 330 kV Substations at Kintampo, Tamale and Bolgatanga as well as the expansion of the 330 kV Substation (K2BSP) in Kumasi for the take-off of the transmission line from Kumasi to Kintampo. The list of prequalified bidders for the Transmission Line was approved by AFD.

GRIDCo has engaged PB Power of the United Kingdom to assist in the implementation of the Works. As part of the Project Management, the Consultant is also required to prepare a detailed Resettlement Action Plan for the Project to fulfil the disbursement conditions for the transmission line.

Contracts for the line and substations works are expected to be awarded by October, 2015 and the project is expected to be completed in April, 2017.

The cost of the entire project is estimated at US$170 million

225 kV Bolgatanga-Ouagadougou Interconnection Project

The Bolgatanga (Ghana)-Ouagadougou (Burkina Faso) Interconnection Project is a priority project for WAPP. It forms the 1st phase of the Inter-Zonal Transmission Hub WAPP Project. It aims to increase power supply and sales from Ghana to Burkina Faso. It will also lower the cost of electricity and improve security of electricity supply through avoided diesel and fuel-oil based generation.

The Ghana component of the project includes the construction of a 225kV 190 km interconnection line from the Bolgatanga II Substation near Navrongo to the Zagtouli Substation in Burkina Faso. The Ghana section of the transmission line from the 330/225 kV Bolgatanga Substation near Navrongo to the Ghana and Burkina Faso Border at Paga is approximately 17km.

The 330/225 kV Substation for the termination of the line at the Bolgatanga II Substation near Navrongo involves the supply and installation of two (2) 330/225 kV Auto transformers as well as the provision of associated balance of plant and civil works. One (1) 330/161 kV Spare

...The project will improve supply to the Western Region by extending power to areas in the Region which are not yet covered by the grid.

Auto transformer would also be supplied for the 330 kV Aboadze Substation and the Contract for the supply of the Autotransformer has been awarded.

A Project Consultant, AECOM of Canada has been jointly engaged to assist GRIDCo and SONABEL in the provision of project management consultancy services on the transmission line and subsection Works Contracts.

One (1) 330/161 kV Spare Auto transformer would also be supplied for the 330 kV Aboadze Substation and the Contract for the supply of the Autotransformer has been awarded.

Bidding Documents for the transmission line were issued to Prospective Prequalified Bidders in December 2014 and bids were to be submitted in the 1st quarter 2015. The Bids for supply of 330/225 kV Autotransformers and 225 kV Reactor for the Bolgatanga II Substation were also called and were expected to be submitted by January, 2015 for the relevant Contracts to be awarded in May 2015. Bidding documents for the Bolgatanga II substation were also expected to be called in the 1st quarter of 2015 and the contract awarded by July, 2015. The Contracts for the transmission line and 330/225 kV substation were expected to be awarded by June, 2015 and completed by the 2nd Quarter of 2017.

ONGOING PROJECTS

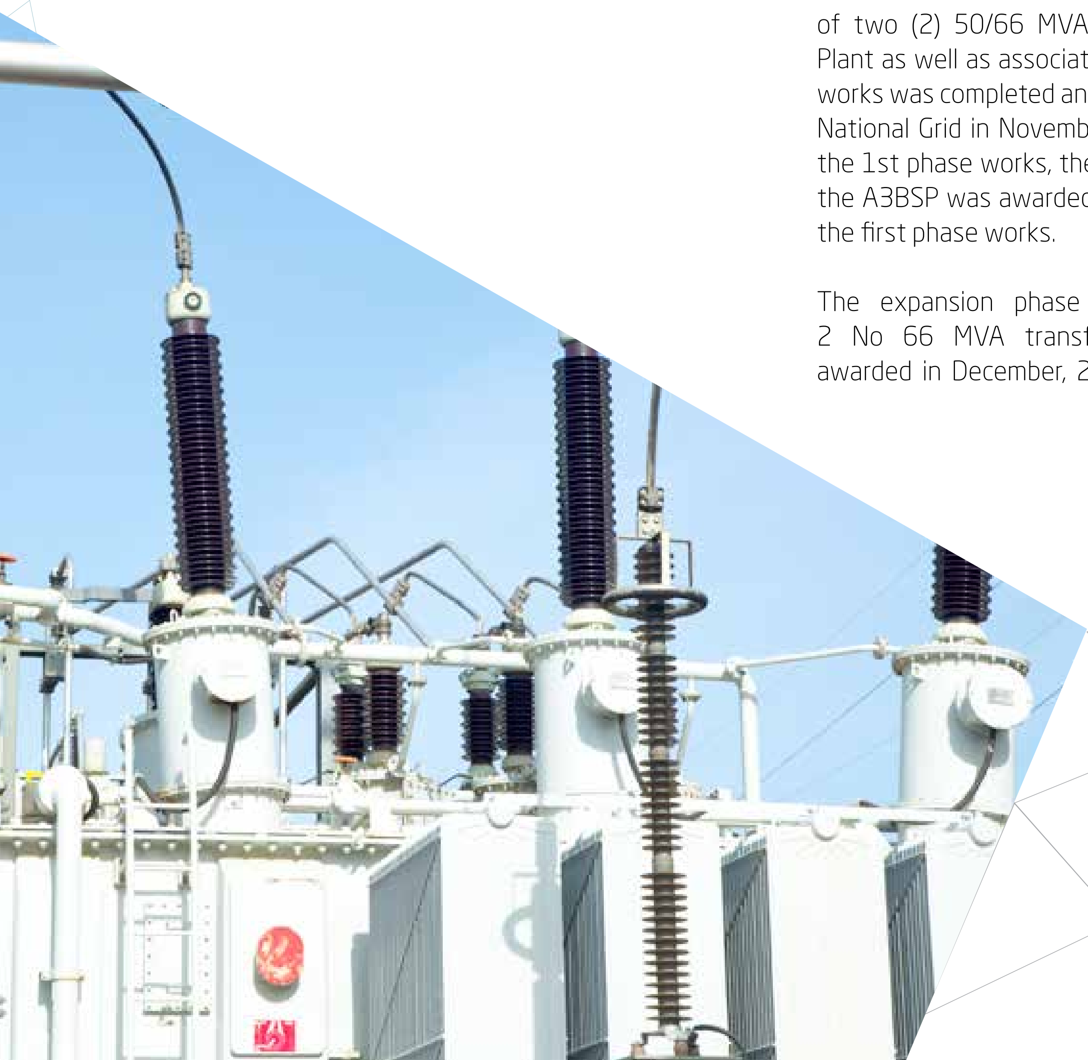
The following major projects are currently ongoing;

Substations Reliability Enhancement Project (SREP)

In April 2011, GRIDCo commenced the Substations Reliability Enhancement Project (SREP) to enhance operational security, control and reliability.

The project has so far seen the replacement of obsolete equipment in the system, increased transformer capacity and enhanced reliability and transmission security at various substations, in the Greater-Accra, Ashanti, Central, Eastern and Western Regions.

Currently, Control Buildings are being constructed in Obuasi, Kumasi, Dunkwa, Old Kpong and Takoradi, whilst the Control Building in Akwatia has been completed. Cable trenching is also ongoing in the substations.



Tumu-Han-Wa Line

The Tumu-Han-Wa Line will close the 161kV line loop in Northern Ghana in order to improve the reliability and quality of supply in the region as well as to Northern Togo. The project is over 80% complete with the Wa and Tumu substations energised and fully operational. The entire project will be completed by end of 2015.

Societe Generale, France is funding the project at an estimated cost of Fifty million US dollars (US$50,000,000.00). Line works are significantly completed, and the project is expected to be completed by December, 2015.

Expansion of Accra 3rd Bulk Supply Point (A3BSP)

The Project, when completed will improve power supply to the Accra Metropolis and reduce overload on the transformers at the Achimota and Mallam Substation.

The construction works for the 1st phase of the A3BSP Substation near Trassacco which involved the installation of two (2) 50/66 MVA transformers and Balance of Plant as well as associated civil works and line break in works was completed and successfully connected to the National Grid in November, 2012. Upon completion of the 1st phase works, the Contract for the expansion of the A3BSP was awarded to AEE Power, who undertook the first phase works.

The expansion phase involved the installation of 2 No 66 MVA transformers. The Contract was awarded in December, 2012 and overall completion of electromechanical and civil works was 80% complete by December, 2014. The Substation was expected to be completed by the end of 2015. The Electricity Company of Ghana (ECG) has therefore been informed to arrange for the evacuation of power from the added facilities.

Accra Fourth Bulk Supply Point (A4BSP)

A parcel of land was secured in Pokuase in 2014, on the outskirts of Accra, in the Greater Accra Region of Ghana, for the construction of the Accra fourth Bulk Supply Point (A4BSP).

When completed, the sixty five million US dollars ($65,000,000.00) project, which is yet to receive funding, will serve as an additional Bulk Supply Point for Accra and its environs.

The Ghana-Togo-Benin Interconnection

The Ghana-Togo- Benin Interconnection Project is to increase the power transfer between Ghana, Togo, Benin and Nigeria.

The Ghana Section of the Interconnection Project involves the construction of a transmission line from the 330 kV Volta Substation in Tema to Tornu on the Ghana-Togo Border which will be eventually connected to the 330 kV Substation in Davie, Togo.

The Contract for the Ghana section was awarded in April 2012 and the Works were completed in December, 2014 at a cost of about US$18 million and GHS 6.5 million funded by the African Development Bank (AfDB).

The Line is however yet to be energised due to delays in the completion of the approximately 15 km approach line between the Ghana Border to the Davie Substation as well as the terminal Substation in Davie, Togo. The Works in Togo are expected to be completed by the end of 2015.

AUDITED FINANCIAL STATEMENTS

GHANA GRID COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the year ended 31 December 2014, which disclose the state of affairs of Ghana Grid Company Limited ("the Company").

STATEMENT OF DIRECTOR'S 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.

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 2014 report as follows:

	GH¢'000
Profit before income tax for the year is	**21,244**
from which is deducted income tax expense of	(62,747)
giving a profit for the year of	**(41,503)**
to which is added income surplus account balance brought forward of	491,340
giving a balance of	**449,837**
to which is added transfer from revaluation reserve account of	55,027
leaving a surplus carried forward on income surplus account of	**504,864**

DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 31 December 2014 (2013: GH¢ Nil).

GHANA GRID COMPANY LIMITED

REPORT OF THE DIRECTORS

(CONTINUED)

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

....

Alhaji Huudu Yahaya
Board Chairman

Ing. William Amuna
Chief Executive

Date: 28th July, 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GHANA GRID COMPANY LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Ghana Grid Company Limited set out on pages 39 to 69. These financial statements comprise the statement of financial position as at 31 December 2014 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY 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 the requirements of 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.

AUDITOR'S RESPONSIBILITY

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

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

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

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 2014 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).

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GHANA GRID COMPANY LIMITED- (CONT.)

REPORT ON OTHER LEGAL 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 (statement of financial position) and profit and loss account (income statement) are in agreement with the books of account.

PricewaterhouseCoopers

PricewaterhouseCoopers (ICAG/F / 028)
Chartered Accountants
Signed by: George Kwesi Arhin (ICAG/P /1187)
Accra, Ghana
28 July 2015

GHANA GRID COMPANY LIMITED

INCOME STATEMENT

(All amounts are expressed in thousands of Ghana cedis)

	Note	Year ended 31 December 2014	2013
Revenue	5	**395,941**	303,236
Direct costs	6	**(247,900)**	(185,530)
Gross profit		**148,041**	117,706
Other income	7	**64,298**	29,064
General and administrative expenses	8	**(72,796)**	(52,494)
Operating profit		**139,543**	94,276
Finance costs	9	**(122,544)**	(48,154)
Finance income	10	**4,245**	6,200
Profit before income tax		**21,244**	52,322
Income tax expense	11(i)	**(62,747)**	(35,523)
(Loss)/profit for the year		**(41,503)**	16,799

The notes on pages 43 to 69 are an integral part of these financial statements.

GHANA GRID COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

(All amounts are expressed in thousands of Ghana cedis)

		Year ended 31 December	
		2014	2013
	Note		
(Loss)/profit for the year		**(41,503)**	16,799
Other comprehensive income:			
Items that will not be classified to profit or loss:			
Gains on revaluation of property, plant and equipment	12	**555,747**	161,640
Deferred tax on gains on revaluation	11	**(78,499)**	(15,635)
Total comprehensive income for the year		**435,745**	162,804

The notes on pages 43 to 69 are an integral part of these financial statements.

GHANA GRID COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

(All amounts are expressed in thousands of Ghana cedis)

		As at 31 December	
		2014	2013
	Note		
ASSETS			
Non-current assets			
Intangible assets	13	-	65
Property, plant and equipment	12	**2,490,352**	1,622,881
Loans and receivables	14	**10,232**	9,576
Total non-current assets		**2,500,584**	1,632,522
Current assets			
Inventories	15	**14,988**	9,677
Trade and other receivables	16	**354,904**	239,885
Cash and cash equivalents (excluding bank overdraft)	17	**161,327**	122,260
Total current assets		**531,219**	371,822
Total assets		**3,031,803**	2,004,344

The notes on pages 43 to 69 are an integral part of these financial statements.

GHANA GRID COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

(All amounts are expressed in thousands of Ghana cedis)

	Note	As at 31 December 2014	2013
EQUITY AND LIABILITIES			
Equity			
Stated capital	18	**350,922**	350,922
Income surplus account	19	**504,864**	491,340
Revaluation reserve account	20	**880,843**	458,622
Total equity		**1,736,629**	1,300,884
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	11(iv)	**380,487**	261,242
Borrowings – non-current	21	**627,295**	304,391
Total non-current liabilities		**1,007,782**	565,633
Current liabilities			
Trade and other payables	22	**175,520**	70,082
Current income tax liabilities	11	**58,186**	38,185
Borrowings – non-current (excluding bank overdraft)	21	**51,036**	27,326
Bank overdraft	17	**2,650**	2,234
Total current liabilities		**287,392**	137,827
Total liabilities		**1,295,174**	703,460
TOTAL EQUITY AND LIABILITIES		**3,031,803**	2,004,344

The notes on pages 43 to 69 are an integral part of these financial statements.

The financial statements on pages 39 to 69 were approved by the Board of Directors on 30 June 2015 and signed on their behalf by:

....

Alhaji Huudu Yahaya
Board Chairman

Ing. William Amuna
Chief Executive

GHANA GRID COMPANY LIMITED

STATEMENT OF CHANGES IN EQUIT

(All amounts are expressed in thousands of Ghana cedis)

	Stated capital	Income Surplus account	Revaluation reserve surplus	Total
Year ended 31 December 2014				
Balance at 1 January 2014	**350,922**	**491,340**	**458,622**	**1,300,884**
Loss for the year	-	(41,503)	-	(41,503)
Other comprehensive income:				
Gain on revaluation of property, plant and equipment (note 12)	-	-	555,747	555,747
Deferred tax on gain on revaluation of property, plant and equipment (note 11)	-	-	(78,499)	(78,499)
Transfer from revaluation reserve surplus (note 12)	-	55,027	(55,027)	-
Total comprehensive income	-	13,524	422,221	435,745
Balance at 31 December 2014	**350,922**	**504,864**	**880,843**	**1,736,629**
Year ended 31 December 2013				
Balance at 1 January 2013	350,922	438,976	348,182	1,138,080
Profit for the year	-	16,799	-	16,799
Other comprehensive income:				
Gain on revaluation of property, plant and equipment (note 12)	-	-	161,640	161,640
Deferred tax on gain on revaluation of property, plant and equipment (note 11)	-	-	(15,635)	(15,635)
Transfer from revaluation reserve surplus (note 12)	-	35,565	(35,565)	-
Total comprehensive income	-	52,364	110,440	162,804
Balance at 31 December 2013	350,922	491,340	458,622	1,300,884

The notes on pages 43 to 69 are an integral part of these financial statements.

GHANA GRID COMPANY LIMITED

STATEMENT OF CASH FLOWS

(All amounts are expressed in thousands of Ghana cedis)

	Year ended 31 December	
	2014	2013
Cash flows from operating activities		
Operating profit before tax	**21,244**	52,322
Adjusted for:		
Depreciation and impairment of property, plant & equipment	**79,434**	53,026
Exchange difference on borrowings (note 21)	**113,350**	40,363
Profit on sale of assets (note 7)	-	581
Interest expense (note 10)	**11,453**	7,791
Interest income on call accounts	**(4,245)**	(6,200)
Working capital adjustments:		
Increase in inventories	**(5,311)**	(736)
Increase in staff loans (note 14)	**(656)**	(2,563)
Increase in trade and other receivables	(115,019)	(87,656)
Increase in trade and other payables	**105,438**	45,242
Tax paid	**(2,000)**	-
Net cash generated from operating activities	203,688	102,170
Cash flows from investing activities		
Interest received on call accounts	**4,245**	6,200
Proceeds from sale of assets (note 13)	-	1,988
Purchase of property, plant and equipment (note 13)	**(391,093)**	(199,958)
Net cash used in investing activities	(386,848)	(191,770)
Cash flows from financing activities		
Proceeds from borrowings (note 21)	**326,711**	167,239
Repayment of borrowings (note 21)	**(93,447)**	(36,786)
Interest expense paid	**(11,453)**	(7,791)
Net cash generated from financing activities	221,811	122,662
Net increase in cash and cash equivalents	(38,651)	(33,062)
Cash and cash equivalents at beginning of year	**120,026**	86,964
Cash and cash equivalents at end of year (note 17)	158,677	120,026

The notes on pages 43 to 69 are an integral part of these financial statements.

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(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

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 other incidental 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 statement of comprehensive income, 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 conversion, 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

The following standards have been adopted by the Company for the first time for the financial year beginning on or after 1 January 2014 and have an impact on the Company:

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Company financial statements.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of Cash Generating Units (CGUs) which had been included in IAS 36 by the issue of IFRS 13. The amendment did not have a significant effect on the Company's financial statements.

2.1.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

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

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Company is not currently subjected to significant levies so the impact on the Company is not material.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Company.

(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 2014, and have not been applied in preparing this financial statement. 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 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 of the Company 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.

2.1.1CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

(ii) New standards, amendments and interpretations not yet adopted by the Company (continued)
IFRS 15 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 2017 and earlier application is permitted. The directors of the Company are assessing the impact of IFRS 15.

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

2.2 FOREIGN CURRENCY TRANSACTION

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

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(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

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

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

2.3.3 FIBRE OPTIC MAINTENANCE INCOME

Revenue 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 countries where the Company and its subsidiary 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 is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

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.

GHANA GRID COMPANY LIMITED

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(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

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:

Asset class	Depreciation Rate (%)	Useful Life
Transmission asset	Between 2.2 and 3.3	30 - 45
Land	Between 2.5 and 3.1	32 - 40
Building	2.5	40 - 40
Vehicles	Between 10 and 25	4 -10
Computer	Between 20 and 25	4 - 5
Equipment and other miscellaneous assets	Between 12.5 and 25	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 (note 2.8). 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.

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 consolidated 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.

2.15 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.

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.

(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

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.

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.

GHANA GRID COMPANY LIMITED

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(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

2.18/FINANCIAL ASSETS

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

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

Government grants 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 relating to property, plant and equipment are included in non-current liabilities as deferred government grants 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 US dollar. 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 holds 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 2014, if the cedi had weakened/strengthened by 10% against the US dollar with all other variables held constant, the recalculated post-tax profit for the year would have been GH¢58.956 million (2013: GH¢27.149 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated trade receivables, cash and cash equivalents and borrowings. Profit is more sensitive to movement in cedi/US dollar exchange rates in 2014 than 2013 because of the increased amount of US dollar-denominated borrowings and significant depreciation of the cedi against the US dollar.

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.

(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

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 2014, if interest rates on cedi denominated 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¢146.251 million (2013: GH¢313.331 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings..

At 31 December 2014, if interest rates on US dollar denominated 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¢999.01 million (2013: GH¢757.731 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.

(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

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:

	2014	2013
Trade receivables	347,205	211,425
Other receivables (excluding prepayment)	13,704	13,549
Cash and cash equivalents	**161,327**	122,260
	522,236	347,234

	2014	2013
88.74% of the Company's trade receivables are due from:		
Electricity Company of Ghana Limited	**61.18%**	74.99%
Volta Aluminium Company Limited	**13.86%**	15.84%
Northern Electricity Distribution Limited	**7.86%**	-

73.07% of the cash and cash equivalents are held by:		
Ecobank Ghana Limited	**33.80%**	14.51%
Societe General Ghana Limited	**6.99%**	11.25%
Barclays Bank of Ghana Limited	**32.28%**	30.86%
HFC Bank	-	12.58%

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.

GHANA GRID COMPANY LIMITED

NOTES (CONTINUED)

(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

As at 31 December 2014

	Carrying amount	less than 6 months	6-12 months	1-2 years	2-5 years	above 5 years
Trade and other payables	175,520	87,760	87,760	-	-	-
Borrowings	678,331	24,490	24,487	79,692	137,312	412,350
Bank overdraft	2,650	2,650	-	-	-	-
	856,501	114,900	112,247	79,692	137,312	412,350

As at 31 December 2013

	Carrying amount	less than 6 months	6-12 months	1-2 years	2-5 years	above 5 years
Trade and other payables	70,082	70,082	-	-	-	-
Borrowings	330,598	13,663	13,663	51,074	114,076	138,122
Bank overdraft	2,234	2,234	-	-	-	-
	402,914	85,979	13,663	51,074	114,076	138,122

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 of capital.

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 consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

During 2014, the Company's strategy, which was unchanged from 2013, was to maintain the gearing ratio within 1% to 2%.

GHANA GRID COMPANY LIMITED

NOTES

(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

	2014	2013
Total borrowings including bank overdraft (note 21)	**680,981**	333,951
Less: cash and cash equivalents (note 17)	**(154,410)**	(122,260)
Net debt	**526,571**	211,691
Total equity	**1,736,629**	1,300,884
Total capital	**2,263,200**	1,512,575
Gearing ratio	**23%**	14%

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 at fair value.

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.

Where the actual outcome (on the judgement areas) of expected cash flows differ by 10% from management's estimates, the Company would need to:
Increase/(decrease) the income tax liability by GH¢2.059 million (2013: GH¢1.547 million).

(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

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 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¢ 55.575 million.

4.2 CRITICAL JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

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

5 REVENUE

	2014	2013	2014	2013
	GWH	GWH	Amount	Amount
Transmission income	13,071	12,927	395,941	303,236
Sub-station usage	13	6	-	-
Transmission loss	565	580	-	-
	13,649	13,513	395,941	303,236

6 DIRECT EXPENSES

	2014	2013
Staff cost	68,781	53,171
Materials and spares consumed	7,650	14,742
Maintenance and other direct cost	22,846	15,395
Depreciation	72,992	48,703
Transmission loss	75,631	53,519
	247,900	185,530

7. OTHER INCOME

Fibre optic maintenance income	1,067	936
Exchange gain	61,095	27,201
Miscellaneous income	2,136	927
	64,298	29,064

GHANA GRID COMPANY LIMITED

NOTES

(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

8. GENERAL AND ADMINISTRATIVE EXPENSES

	2014	2013
Directors emoluments	230	271
Staff cost	35,221	26,675
Materials and spares consumed	3,569	3,249
Other administrative cost	20,304	17,884
Bad debt	6,930	-
Depreciation	6,442	4,323
Auditors remuneration	100	92
	72,796	52,494

Staff cost for the year include:

Wages and salaries and other termination benefits	91,408	69,139
Employers share of pension cost	12,594	10,711
	104,002	79,850
Allocation of staff cost: Staff cost allocated to direct cost (note 6)	68,781	53,171
Staff cost allocated to general and expenses (note 8)	35,221	26,675

The total number of staff employed by the Company by the end of the year was 863 (2013: 834).

9. FINANCE COSTS

	2014	2013
Interest on loans and overdrafts	11,453	7,791
Exchange loss	111,091	40,363
	122,544	48,154

10. FINANCE INCOME

Interest income	4,245	6,200

GHANA GRID COMPANY LIMITED

NOTES (CONTINUED)

(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

11. INCOME TAX

Income tax expense

	2014	2013
Current Income tax	**22,001**	21,971
Deferred tax charge	**40,746**	13,552
Total	**62,747**	35,523

Year ended 31 December 2014

	Balance 1 January	Charge for the year	Payment during the year	Balance 31 December
Year of assessment:				
2008 to 2013	38,185	-	(2,000)	**36,185**
2014	-	22,001	-	**22,001**
Total	38,185	22,001	(2,000)	**58,186**

Year ended 31 December 2013

	Balance 1 January	Payment during the year	Charge for the year	Balance 31 December
Year of assessment:				
2007 to 2012	-	-	-	-
2013	-	-	21,971	21,971
Total	-	-	21,971	21,971

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 of the profit of the Company as follows:

GHANA GRID COMPANY LIMITED

NOTES

(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

	2014	2013
Profit before income tax	**21,244**	52,322
Corporate tax rate	**25%**	25%
Income tax using the corporate tax rate of 25%	**5,311**	13,081
Adjusted for tax effect of:		
Expenses not deductible for tax purposes	**20,592**	15,472
Tax losses for which no deferred tax assets is recognised	**36,844**	6,970
Income tax expense	**62,747**	35,523

Deferred income tax

	2014	2013
Balance as at 1 January	**261,242**	232,055
Recognised in income statement	**40,746**	13,552
Recognised in equity	**78,499**	15,635
Balance as at 31 December	**380,487**	261,242

Year ended 31 December 2014

	At 1 January	Charged/ (credit) to profit or loss	Charged to equity	At 31 December
Deferred tax assets arising from:				
Other deductible temporary difference	54,789	40,746	-	**95,535**
Revaluation surplus on properties	206,453	-	78,499	284,952
	261,242	**40,746**	**78,499**	**380,487**

Year ended 31 December 2013

	At 1 January	Charged/ (credit) to profit or loss	Charged to equity	At 31 December
Deferred tax assets arising from:				
Other deductible temporary difference	41,237	13,552	-	54,789
Revaluation surplus on properties	190,818	-	15,635	206,453
	232,055	13,552	15,635	261,242

GHANA GRID COMPANY LIMITED

NOTES (CONTINUED)

(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

12. PROPERTY AND EQUIPMENT YEAR ENDED 31 DECEMBER 2014

	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 2014	1,428,515	16,129	25,817	66,378	60,101	2,091	1,970	453,328	**2,054,329**
Disposal	(4,107)	-	-	-		-	-	-	**(4,107)**
Transfers	-	-	-	-	1,690	-	-	(1,690)	-
Gross revaluation adjustment	1,094,924	-	-	40,218	27,896	1,245	1,122	-	**1,165,405**
Additions	309	-	-	40	56	126	196	390,366	**391,093**
Balance as at Dec 31, 2014	**2,519,641**	**16,129**	**25,817**	**106,636**	**89,743**	**3,462**	**3,288**	**842,004**	**3,606,720**
Depreciation									
Balance as at 1 January 2014	399,511	-	2,356	4,961	23,103	964	553	-	**431,448**
Disposal	(508)	-	-	-	-	-	-	-	**(508)**
Gross revaluation Adjustment	581,435	-	-	4,332	19,133	742	443	-	**606,085**
Charge for the year	60,107	-	1,177	2,651	14,321	730	357	-	**79,343**
At 31 December 2014	**1,040,545**	-	**3,533**	**11,944**	**56,557**	**2,436**	**1,353**	-	**1,116,368**
Net book value									
At 31 December 2014	**1,479,096**	**16,129**	**22,284**	**94,692**	**33,186**	**1,026**	**1,935**	**842,004**	**2,490,352**
At 31 December 2013	1,029,004	16,129	23,461	61,417	36,998	1,127	1,417	453,328	1,622,881

(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

12. PROPERTY AND EQUIPMENT (CONTINUED)

Year ended 31 December 2013

	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 2013	1,117,990	16,129	25,817	51,634	46,078	1,123	1,624	269,678	1,530,073
Disposal	(2,931)	-	-	-	-	-	-	-	(2,931)
Transfers	4,322	-	-	3,668	-	-	-	(7,990)	-
Gross revaluation adjustment	309,026	-	-	11,076	6,514	300	313	-	327,229
Additions	108	-	-	-	7,509	668	33	191,640	199,958
Balance as at Dec 31, 2013	1,428,515	16,129	25,817	66,378	60,101	2,091	1,970	453,328	2,054,329
Depreciation									
Balance as at 1 January 2013	200,009	-	1,178	2,190	9,331	370	221	-	213,299
Disposal	(362)	-	-	-	-	-	-	-	(362)
Gross revaluation adjustments	159,807	-	-	1,044	4,493	161	101	-	165,606
Charge for the year	40,057	-	1,178	1,727	9,279	433	231	-	52,905
At 31 December 2013	399,511	-	2,356	4,961	23,103	964	553	-	431,448
Net book amount									
At 31 December 2013	1,029,004	16,129	23,461	61,417	36,998	1,127	1,417	453,328	1,622,881
At 31 December 2012	917,981	16,129	24,639	49,444	36,748	753	1,403	269,678	1,316,775

NOTES (continued)

(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

12. PROPERTY AND EQUIPMENT (CONTINUED)

An independent valuation of the Company's land and buildings was performed by valuers to determine the fair value of the land and buildings as at 31 December 2014 and 2013. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'revaluation reserves' in shareholders equity. The following table analyses the non-financial assets 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).

VALUATION PROCESSES OF THE COMPANY

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 inputs used are classified under level 3.

13. INTANGIBLE ASSETS

Software

	2014	2013
Cost/valuation		
Balance as at 1 January	**492**	423
Gross revaluation adjustment	**245**	65
At 31 December	**737**	488
Amortisation		
Balance as at 1 January	**427**	249
Gross revaluation adjustment	**220**	52
Charge for the year	**90**	122
At 31 December	**737**	423
Net book value		
At 31 December	**-**	65

GHANA GRID COMPANY LIMITED

NOTES

(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

14. LOANS AND RECEIVABLES

	2014	2013
	10,232	9,576

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

15. INVENTORIES

	2014	2013
Stores and spare parts	**14,988**	9,677

16. TRADE AND OTHER RECEIVABLES

Gross trade receivable	**355,218**	212,508
Impairment of trade receivables	(8,013)	(1,083)
Net trade and other receivables	**347,205**	211,425
Fibre optic maintenance debtor	**851**	1,371
Prepaid expenses	**4,227**	24,588
Staff advances	2,621	2,501
	354,904	239,885

Out of the gross trade receivable of GH¢ 355.218 million (2013: GH¢ 212.508 million) GH¢ 314.09 million (2013: GH¢ 192.271 million) is due from related parties (note 23).
The maximum amount of staff loans during the year did not exceed GH¢10.3 million (2013: GH¢9.7 million).
All loans and receivables are current and their carrying amounts approximate their fair value.

(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

17. CASH AND CASH EQUIVALENT

	2014	2013
Call account	4,364	2,188
Cash at banks and on hand	156,963	120,072
	161,327	122,260

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

	2014	2013
Cash and cash equivalents	161,327	122,260
Bank overdraft	(2,650)	(2,234)
	158,677	120,026

Included in cash and cash equivalents is GH¢ 141.36 million (2013: GH¢ 52.97 million) representing amounts held in debt service reserve accounts to service the Company's debt facilities

18. ISSUED CAPITAL

	2014	2013
The number of shares authorized, issued and in treasury are as follows:-		
Ordinary:		
Authorized	10,000,000	10,000,000
Issued	10,000,000	10,000,000

Proceeds from the issued shares are as follows:-

Ordinaryshares:

	2014	2013
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 pages 10.

GHANA GRID COMPANY LIMITED

NOTES

(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

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 pages 10.

21. INTEREST BEARING LOANS AND BORROWINGS

	2014	2013
Loans due within one year	51,036	27,326
Loans falling due after one year		
Loans due within two and five years	217,005	165,150
Over five years	410,290	139,241
	627,295	304,391
Total borrowings	678,331	331,717

GHANA GRID COMPANY LIMITED

NOTES (CONTINUED)

(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

21. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Year ended 31 December 2014

Lender	At start of year	Drawdowns	Repayment	Exchange difference	At end of year
New Mount Mines	14,011	-	(7,178)	6,104	12,937
CAL Bank	9,675	17,181	(16,603)	3,886	14,139
Rand Merchant Bank	39,239	-	(12,500)	18,444	45,183
Standard Chartered Bank	34,899	-	(16,314)	15,138	33,723
IBISTEK	7,190	-	(4,800)	3,127	5,517
CAL Bank Cedi	791	2,317	(1,488)	-	1,620
Ghana International Bank	13,584	-	(5,906)	6,363	14,041
Societe Generale Ghana Limited	76,193	104,039	(19,726)	7,716	168,222
Societe Generale Ghana Limited	33,054	28,153	(3,829)	12,174	69,552
HSBC	5,583	9,415	(3,867)	3,722	14,853
Nordea Bank	38,603	55,129	-	11,471	105,203
Stanbic Bank	12,345	-	(1,236)	-	11,109
Ecobank	28,062	73,309	-	13,587	114,958
CAL Bank	7,705	11,209	-	8,084	26,998
Bank of Africa	9,664	18,215	-	2,726	30,605
Agence Francaise de Development	1,119	2,755	-	859	4,733
IDA 4971 GH (WB)	-	4,989	-	(51)	4,938
Total	**331,717**	**326,711**	**(93,447)**	**113,350**	**678,331**

GHANA GRID COMPANY LIMITED

NOTES

(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

21. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Year ended 31 December 2013

Lender	At start of year	Drawdowns	Repayment	Exchange difference	At end of year
New Mount Mines	16,459	-	(4,493)	2,045	14,011
CAL Bank	6,745	2,375	-	555	9,675
Rand Merchant Bank	17,883	17,839	-	3,517	39,239
Standard Chartered Bank	42,207	-	(13,094)	5,786	34,899
IBISTEK	5,509	3,668	(2,961)	974	7,190
CAL Bank Cedi	10,499	-	(9,708)	-	791
Ghana International Bank	12,351	-	(855)	2,088	13,584
Societe Generale Ghana Limited	24,625	47,483	(5,675)	9,760	76,193
Societe Generale Ghana Limited	-	28,846	-	4,208	33,054
HSBC	-	5,088	-	495	5,583
Nordea Bank	12,278	20,348	-	5,977	38,603
Stanbic Bank	12,345	-	-	-	12,345
Ecobank	-	24,746	-	3,316	28,062
CAL Bank	-	7,118	-	587	7,705
Bank of Africa	-	8,609	-	1,055	9,664
Agence Francaise de Development	-	1,119	-	-	1,119
Total	**160,901**	**167,239**	**(36,786)**	**40,363**	**331,717**

Summary of loan facilities

- Newmont 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 period. Interest rate is 11% and 25% for the United States dollar and Ghana cedi loans respectively. Cal also financed the Supply improvement to Brekum project with a Dollar loan. The tenor is 7 years with 2 years grace period 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 period. Interest rate is LIBOR plus 3 %.
- Standard Chartered bank financed the supply of transformers with a Dollar loan. Tenor is 5 years with 12 months grace period. Interest rate is LIBOR plus 5.85%.
- IBISTEK financed the construction of Warehouse and passed on a Dollar denominated loan to GRIDCo. Tenor is 4 years with 12 months grace period. Interest is 6.25%.
- Ghana International bank financed the Supply of Transformers with a Dollar loan. Tenor is 6 years with 12 months grace period. Interest rate is 7.25%.

NOTES (CONTINUED)

(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

- 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 grace periods 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 grace period. 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 grace period is 3 years.
- Stanbic Bank co-financed the Bawku Zebilla Reinforcement Project with a Ghana cedi loan. Tenor is 7 years with 2 years grace period. 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 period. 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 period. The interest rate is 9%.

22. TRADE AND OTHER PAYABLES

	2014	2013
Amount due to Public Utility Regulatory Commission	**30,086**	13,575
Amount due to related party (Volta River Authority) (note 21 (b))	**99,641**	31,128
Trade payables	**44,132**	13,737
Accrued expenses	**1,661**	11,642
	175,520	70,082

23. RELATED PARTY TRANSACTIONS

Ghana Grid Company Limited is wholly own 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:

	2014	2013
Provision of transmission services:		
Electricity Company of Ghana	**242,835**	158,740
Volta Aluminium Company Limited	**24,418**	33,531
Northern Electricity Distribution Company Limited	**28,973**	-
Rendering of services:		
Volta River Authority	**68,513**	31,128

GHANA GRID COMPANY LIMITED

NOTES

(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

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

(a) Loans due from related parties:

	2014	2013
Officers and other employees (note 14)	**10,232**	9,576
Staff advances (note 16)	2,621	2,501
	12,853	12,077

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

(b) Receivables due from related parties:

	2014	2013
Electricity Company of Ghana	**224,611**	158,740
Volta Aluminium Company Limited	**60,639**	33,531
Northern Electricity Distribution Company Limited	**28,841**	-
	314,091	**192,271**

(c) Payables due to related parties:

Volta River Authority (VRA)	**99,641**	31,128

(d) Compensation of key management personnel of the Company

	2014	2013
Salaries, wages and termination benefits	**9,368**	1,962
Employers pension contribution	**686**	654
	10,054	2,616

24. CONTINGENCIES AND COMMITMENTS

(a) Guarantees and indemnities

There were neither guarantees nor indemnities at the reporting date (2013: Nil).

(b) Contingent liability

There were no contingent liabilities at the reporting date (2013: Nil).

(c) Commitments

There was no commitment at the end of the year (2013: Nil).

25. EVENTS AFTER THE REPORTING PERIOD

The Company lost inventory amounting to Gh¢1,171,160 due to a fire outbreak at the Aflao Substation on 1 January 2015.

CUSTOMERS

GRIDCo currently transmits power to the under listed thirty (30) local and foreign distribution, manufacturing and mining customers;

Electricity Company Of Ghana (ECG)
Northern Electricity Distribution Company (NEDCo)
Enclave Power Company
Prestea Township
Volta Aluminium Company
Aluworks
Diamond Cement
Savana Diamond Cement
Akosombo Textiles Limited
Ghana Water Company Limited
Gold Field Ghana Limited
Perseus Mining (Gh) Ltd
New Century Mines
Owere Mines Ltd
Anglogold Ashanti
Ghana Consolidated Diamond Limited
Golden Star -Wassa
Adamus Gold Mines Limited
Newmont Golden Ridge
Newmont Ghana Gold Ltd
Pretea Sankonfa Gold Mines Ltd
Sonabel Youga Mines
Golden Star Bogoso
VRA Township
Sunon Asogli Power Plant
Cenit Power Plant
Bui Power Authority
Tv3
Communaute Electrique du Benin (Togo)
Sonabel (Burkina Faso)

FUNDING PARTNERS

Our funding partners who supported us in the course of the period under review were:

Newmont Ghana Gold Ltd
Cal Bank
Rand Merchant Bank
Standard Chartered Bank
IBISTEK
Ghana International Bank
Societe General, Paris
HSBC
Nordea Bank
Stanbic Bank
Ecobank
Bank of Africa
Agence Francaise de Development
International Developpement Association

GRIDCo
Backbone to Power Delivery

GHANA GRID COMPANY LIMITED

GHANA GRID COMPANY LIMITED

PROXY FORM

I/We.. of ....

being a Member of the above-named Company hereby appoint ....of ....as our proxy to vote for us on our behalf at the 6th Annual General Meeting of the Company to be held at the GRIDCo Head Office, Tema on October 14, 2015 at 10.00a.m. and at 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, 2014, together with the Reports of the Directors and Auditors thereon.		
2. To authorize Directors to appoint auditors to audit the 2015 Financial Statements and to fix the remuneration of Auditors.		

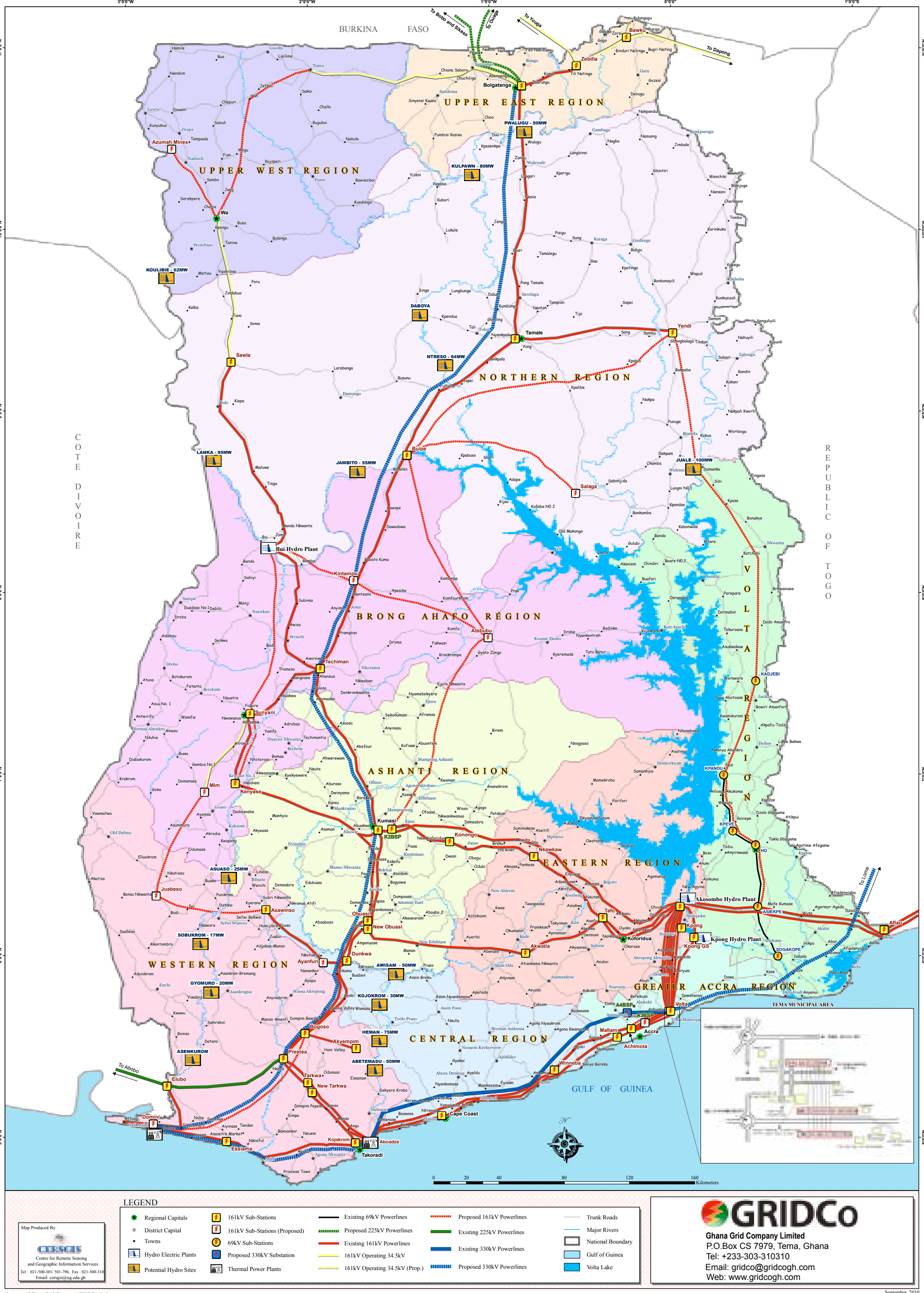
Signed this .... day of October, 2015

Shareholder's Signature...

NOTES

NOTES

NATIONAL INTERCONNECTED TRANSMISSION SYSTEM OF GHANA



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September, 2010

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