



# ENERGY COMMISSION

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Accra – Ghana

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

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## ANNUAL FINANCIAL STATEMENTS/REPORT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2021

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JULY 2022

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**Table of Contents**

Corporate Information for the year ended 31 December, 2021 .....	ii
Five year Financial Summary and Highlights.....	1
Report of the Governing Board of Directors .....	2
Corporate Governance (CG) Report .....	4
Independent Auditor’s report to the Governing Board .....	5
Statement of Financial Position as at 31 December, 2021 .....	8
Statement of Financial Performance as at 31 December, 2021 .....	9
Statement of Accumulated Fund as at 31 December, 2021 .....	10
Statement of Cash Flow as at 31 December, 2021 .....	11
Statement of comparison of budget and actual performance for the year ended 31 December, 2021 .....	12
Notes to the financial statements .....	16

## **Corporate Information for the year ended 31 December, 2021**

### **Governing Board**

Prof. Ebenezer Owusu Oduro	Chairman
Dr. Isaac Frimpong Mensa-Bonsu	Member
Dr. Kodjo Esseim Mensah-Abrampa	Member
Moses Aristophanes Kwame Gyasi	Member
Kpembewura Banbange Ndefoso (IV) (Mr. Dari Bismark Haruna)	Member
Hon. Lydia Seyram Alhassan	Member
Ing. Oscar Amonoo-Neizer	Member
Kwasi K. Bosompem	(Executive Secretary)
	Controller and Accountant-General
The Governing Board assumed office 31 August 2021	

### **Board Secretary/Legal Officer**

Ms. Cecilia Agbenyega

### **Principal place of business**

Ghana Airways Avenue  
Behind Alliance Français  
Airport Residential Area  
GA-037-3212.

### **Registered office**

PMB Ministries Post  
Office, Accra.

### **Independent Auditor**

Eddie Nikoi Accounting  
Consultancy.  
GA-056-8119  
P.O. Box OS 51  
Osu - Accra

### **Bankers**

Bank of Ghana  
Ecobank Ghana Limited  
Ghana Commercial Bank

**ENERGY COMMISSION**

Financial Statements  
for the year ended 31 December, 2021

**FIVE YEARS FINANCIAL SUMMARY AND HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(All amounts are in Ghana cedi unless otherwise stated)

<b>Five-year Financial summary</b>	<b>2021 GH¢</b>	<b>2020 GH¢</b>	<b>2019 GH¢</b>	<b>2018 GH¢</b>	<b>2017 GH¢</b>
Income	56,045,803	50,483,794	61,392,953	43,765,482	41,302,101
Expenditure	(31,258,923)	(29,361,003)	(36,714,798)	(30,863,549)	(35,337,194)
<b>Excess</b>	<b>24,786,880</b>	<b>21,122,791</b>	<b>24,678,155</b>	<b>12,901,933</b>	<b>5,964,907</b>
Total assets	67,274,086	43,505,558	78,948,542	53,692,825	39,899,555
Total equity	65,181,652	40,394,772	72,165,339	47,487,184	34,585,251
Total Liabilities	2,092,434	3,110,786	6,783,203	6,205,641	5,314,304
<b>Financial Highlights</b>	<b>2021 GH¢</b>	<b>2020 GH¢</b>	<b>Change GH¢</b>	<b>Percentage Change %</b>	
Income	56,045,803	50,483,794	5,562,009	11	
Expenditure	(31,258,923)	(29,361,003)	(1,897,920)	6	
<b>Excess</b>	<b>24,786,880</b>	<b>21,122,791</b>	<b>3,664,089</b>	<b>17</b>	
Total assets	67,274,086	43,505,558	23,768,528	55	
Total equity	65,181,652	40,394,772	24,786,880	61	
Total Liabilities	2,092,434	3,110,786	(1,018,352)	(33)	

**Report of the Governing Board of Directors**

The Governing Board presents its report and the Financial Statements of the Commission for the year ended December 31, 2021.

In preparing these financial statements, the Governing Board is required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable International Public Sector Accounting Standards (IPSAS) have been followed, subject to any material departures disclosed and explained in the Financial Statements.
- Prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Commission will continue in business into the foreseeable future.

**Governing Board's Responsibility for the Financial Statements**

The Governing Board is responsible for the preparation of the Financial Statements for each financial year, which gives a true and fair view of the Statement of Financial Position, Financial Performance and Cash Flows for the period. In preparing these Financial Statements, the Governing Board selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed accrual basis of International Public Sector Accounting Standards (IPSAS) and the requirements of the Public Financial Management Act 2016 (Act 921), Financial Administration Regulations 2019, Income Tax Act, 2015 (Act 896), Value Added Tax Act 2013 (Act 870) as amended, Public Procurement Act 2003 (Act 663) as amended and all other applicable laws and regulations.

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

**Principal activity**

The principal activity of the Commission is mandated under the Energy Commission Act 1997, (Act 541) [as amended by Energy Commission Act 2017, (Act 933)] which is:

To manage the utilization of energy resources in Ghana, to provide the legal, regulatory and supervisory framework from all providers of energy services in the country: specifically, by the granting of licenses for the transmission, wholesale supply, distribution and sale of electricity and natural gas and related matters. There was no change in the nature of the business during the year.

**Report of the Governing Board of Directors**

**Ownership Structure**

The Commission is established by an Act of Parliament, Energy Commission Act, 1997 (Act 541) as amended and as such fully owned by the Government of Ghana.

**Governing Board's Interest**

None of the Members of the Commission's Governing Board has any interest in the ownership of the Commission during the year under consideration. None of the Members of the Commission's Governing Board has a material interest in any contract of significance.

**Financial results for the year:**

	<b>2021</b>	<b>2020</b>
	<b>GH¢</b>	<b>GH¢</b>
Beginning balance of equity brought forward of	40,394,772	72,165,339
Prior year adjustment of (Note 21)	-	(52,893,358)
The Commission recorded excess income over expenditure of	24,786,880	21,122,791
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Closing balance on equity carried forward of	<b>65,181,652</b>	<b>40,394,772</b>
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The Governing Board Members confirm to the best of their knowledge, that:

- The Financial Statements, prepared in accordance with applicable laws and IPSAS, give a true and fair view of the Commission's Financial Position, Performance and Cash Flows and
- The state of the Commission's affairs is satisfactory.

**Auditors**

In accordance with the Energy Commission Act 1997, (Act 541) [as amended], Messrs. Eddie Nikoi Accounting Consultancy (ENAC) has been approved and appointed by the Auditor-General of Ghana as the Commission's auditors for the 2021 financial year.

**Approval of the Financial Statements**

The financial statements of the Energy Commission were approved by the Governing Board and signed on their behalf by:

**Board Chairman:** Prof. Ebenezer Owusu Oduro

**Executive Secretary:** Ing. Oscar Amonoo-Neizer

Signature:.....

Signature: .....

Date:.....

Date: .....

**Corporate Governance (CG) Report**

The Governing Board is committed to strong corporate governance practices that allocate rights and responsibilities among the Commission’s members, the Governing Board and Management to provide an effective oversight and management of the Commission in a manner that enhances stakeholders’ value and promotes and stakeholders’ confidence. The Commission’s corporate governance principles are contained in a number of corporate documents. The Governing Board oversees the conduct of the Commission’s business and is primarily responsible for providing effective governance over the Commission’s key affairs, including the appointment of Management (excluding the Executive Secretary), approval of business strategies, and evaluation of performances and assessment of major risks facing the Commission.

In discharging its obligations, the Governing Board exercises judgement in the best interest of the Commission and relies on the Commission’s Management to implement approved business strategies, resolve day-to-day operational issues, keep the Governing Board informed, and maintain and promote high ethical standards. The Governing Board delegate’s authority in relation to such delegation of authority and the circumstances in which Executive Secretary shall be required to obtain Governing Board’s approval prior to taking a decision on behalf of the Commission. The Governing Board is made up of six non-Executive members and one Executive Member.

The Commissions’ commitment to ensuring international best practice in terms of Corporate Governance remains strong and unwavering.

**Board Chairman:** Prof. Ebenezer Owusu Oduro

**Executive Secretary:** Ing. Oscar Amonoo-Neizer

**Signature:** .....

**Signature:** .....

**Date:** .....

**Date:** .....



# EDDIE NIKOI ACCOUNTING CONSULTANCY

Chartered Accountants, Management Consultants, Fixed Assets Management and Revaluation Experts.  
**Affiliated to PrimeGlobal | An Association of Independent Accounting Firms**

## **HEAD OFFICE:**

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enacdz@yahoo.com

## **ENERGY COMMISSION**

Financial Statements  
for the year ended 31 December, 2021

### **Independent Auditor's report to the Governing Board**

#### **Opinion**

In our opinion, the Financial Statements presented on pages 8 to 11 give a true and fair view of the financial position of the Energy Commission as at 31st December, 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), the Public Financial Management Act, 2016 (Act 921), the International Public Sector Accounting Standards (IPSAS) and Energy Commission Act, 1997 (Act 541) as amended.

We have audited the Financial Statements of Energy Commission, which comprises the Statement of Financial Position as at 31 December 2021, Statements of Financial Performance, Changes in Accumulated Fund, Statement of Cash Flows for the year then ended and notes to the Financial Statements, which include a summary of significant Accounting Policies, Statement of Comparison of Budget and Actual Performance and other explanatory notes as set out on pages 12 to 43.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

#### **Responsibility of the Governing Board for the Financial Statements**

The Governing Board is responsible for the preparation of the Financial Statements that give a true and fair view in accordance with the International Public Sector Accounting Standards (IPSAS) and the provisions of the Energy Commission Act 1997 (Act 541) as amended, and for such internal controls as the Governing Board determines are necessary to enable the preparation of these Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Governing Board is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Board either intends to liquidate or to cease operations, or has no realistic alternative but to do so.



**Report on the Financial Statements (continued)****Auditors' Responsibility**

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

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

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

As part of the audit in accordance with ISAs, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude, on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We, again, obtained sufficient appropriate audit evidence regarding the financial information of the Commission to enable us express an opinion on the financial statements.

**Report on the Financial Statements (continued)****Report on Other Legal and Regulatory Requirements**

*Compliance with the requirements of Section 49 of the Energy Commission Act 1997 (Act 541) [as amended].*

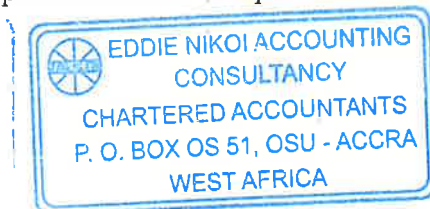
We confirm that we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

In carrying out our audit we consider and report on the following matters.

- i) In our opinion, proper books of account have been kept by the Commission, in so far as appears from our examination of those books; and
- ii) The Commission's books of account are in a form approved by the Auditor-General.
- iii) The financial year of the Commission is the same as the financial year of the Government of Ghana.

The engagement partner on the audit resulting in this independent auditor's report is **Edmund Nikoi** (Practicing Certificate Number ICAG/P/1040)

  
.....



**EDDIE NIKOI ACCOUNTING CONSULTANCY: (ICAG/F/2022/110)**

**P. O. BOX OS 51**

**OSU-ACCRA**

DATE: 03 / 10 / ..... 2022

**ENERGY COMMISSION**  
Financial Statements  
for the year ended 31 December, 2021

**STATEMENT OF FINANCIAL POSITION** as at 31 December 2021  
(All amounts are stated in Ghana cedi unless otherwise stated)

<b>Assets</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Non- Current Assets</b>		<b>GH¢</b>	<b>GH¢</b>
Property and Equipment	4	14,545,458	12,084,825
Intangible Assets	5	78,229	30,952
<b>Total Non-Current Assets</b>		<b>14,623,687</b>	<b>12,115,777</b>
<b>Current Assets</b>			
Inventories	6	321,901	242,315
Trade and Other Receivables	7	29,708,096	26,029,019
Cash and Cash Equivalent	8	22,620,402	5,118,447
<b>Total Current Assets</b>		<b>52,650,399</b>	<b>31,389,781</b>
<b>Total Assets</b>		<b>67,274,086</b>	<b>43,505,558</b>
<b>Equity</b>			
Accumulated Fund	9	65,181,652	40,394,772
<b>Total Equity</b>		<b>65,181,652</b>	<b>40,394,772</b>
<b>Current Liabilities</b>			
Trade and Other Payables	10	2,092,434	3,110,786
<b>Total Liabilities</b>		<b>2,092,434</b>	<b>3,110,786</b>
<b>Total Equity and Liabilities</b>		<b>67,274,086</b>	<b>43,505,558</b>

**APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements of Energy Commission, were approved by the Governing Board on ..... 2022 and signed on their behalf by:

**Board Chairman:** Prof. Ebenezer Owusu Oduro **Executive Secretary:** Ing. Oscar Amonoo-Neizer

**Signature:** ..... **Signature:** .....

**Date:** ..... **Date:** .....

*The accompanying notes on pages 16 – 43 form an integral part of these financial statements*

**ENERGY COMMISSION**  
Financial Statements  
for the year ended 31 December, 2021

**STATEMENT OF FINANCIAL PERFORMANCE** as at 31 December, 2021  
(All amounts are stated in Ghana cedi unless otherwise stated)

<b>Income</b>	<b>Note</b>	<b>2021 GH¢</b>	<b>2020 GH¢</b>
Revenue	11	55,628,052	50,275,871
Other Income	12	417,751	207,923
<b>Total Income</b>		<b>56,045,803</b>	<b>50,483,794</b>
<b>Expenditure</b>			
Personnel Emoluments	13	(15,320,310)	(15,539,787)
General and Administrative Expenses	14	(6,043,252)	(6,851,041)
Service Activity Expenses	15	(9,895,361)	(6,970,175)
<b>Total Expenditure</b>		<b>(31,258,923)</b>	<b>(29,361,003)</b>
<b>Surplus transferred to Accumulated Fund</b>		<b>24,786,880</b>	<b>21,122,791</b>

*The accompanying notes on pages 16 – 43 form an integral part of these financial statements*

**ENERGY COMMISSION**  
 Financial Statements  
 for the year ended 31 December, 2021

**STATEMENT OF ACCUMULATED FUND** as at 31 December, 2021  
 (All amounts are stated in Ghana cedi unless otherwise stated)

	Note	2021 GH¢	2020 GH¢
Balance at the beginning of the year		40,394,772	72,165,339
Prior year adjustment	21	-	(52,893,358)
Surplus for the year		24,786,880	21,122,791
<b>Balance at the end of the year</b>		<u><u>65,181,652</u></u>	<u><u>40,394,772</u></u>

*The accompanying notes on pages 16 – 43 form an integral part of these financial statements*

**ENERGY COMMISSION**  
Financial Statements  
for the year ended 31 December, 2021

**STATEMENT OF CASH FLOW** as at 31 December, 2021  
(All amounts are stated in Ghana cedi unless otherwise stated)

	Note	2021 GH¢	2020 GH¢
<b>Net Cash generated from operating activities</b>	16	<b>20,521,418</b>	<b>6,073,143</b>
<b>Cash flow from investing activities</b>			
Acquisition of property and equipment	4	(2,963,843)	(2,986,400)
Acquisition of Intangible Assets	5	(55,620)	-
<b>Net Cash used in investing activities</b>		<b>(3,019,463)</b>	<b>(2,986,400)</b>
Net increase in cash and cash equivalent		17,501,955	3,086,743
Balance at the beginning of the year		5,118,447	2,031,704
<b>Balance at the end of the year</b>	8	<b>22,620,402</b>	<b>5,118,447</b>

*The accompanying notes on pages 16 – 43 form an integral part of these financial statements*

## ENERGY COMMISSION

Financial Statements  
for the year ended 31 December, 2021

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL PERFORMANCE**

for the twelve months period ended 31 December, 2021

(All amounts are stated in Ghana cedi unless otherwise stated)

	<b>Budget</b>	<b>Actual on</b>	<b>Variance</b>
	<b>2021</b>	<b>Comparable basis</b>	
	<b>GHC</b>	<b>2021</b>	<b>2021</b>
		<b>GHC</b>	<b>GHC</b>
<b>INFLOW</b>			
Energy Fund	59,493,017	52,551,206	6,941,811
Regulatory Levy	8,764,316	11,707,347	(2,943,031)
Other Income	-	-	-
<b>Total Expected Inflow</b>	<b>68,257,333</b>	<b>64,258,553</b>	<b>3,998,780</b>
<b>EXPENDITURE</b>			
<b>Renewable Energy, Energy Efficiency Promotion &amp; Climate Change:</b>			
Renewable Energy & SE4ALL	3,322,000	2,097,939	1,224,061
Energy Efficiency & Climate Change	3,569,400	640,281	2,929,119
<b>Sub-total</b>	<b>6,891,400</b>	<b>2,738,220</b>	<b>4,153,180</b>
<b>Electricity and Natural Gas Directorate</b>			
Electricity Market Oversight Panel	1,153,514	-	1,153,514
Technical Regulations	1,920,450	1,394,341	526,109
Social Environmental impact unit	87,100	48,510	38,590
<b>Sub-total</b>	<b>3,161,064</b>	<b>1,442,851</b>	<b>1,718,213</b>
<b>Strategic Planning &amp; Policy Directorate:</b>			
Planning & Policy Research unit	2,546,392	438,051	2,108,341
Monitoring & Evaluation unit	327,300	-	327,300
<b>Sub-total</b>	<b>2,873,692</b>	<b>438,051</b>	<b>2,435,641</b>

**ENERGY COMMISSION**  
Financial Statements  
for the year ended 31 December, 2021

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL PERFORMANCE**

for the twelve months period ended 31 December, 2021

(All amounts are stated in Ghana cedi unless otherwise stated)

	<b>Budget</b>	<b>Actual on</b>	<b>Variance</b>
	<b>2021</b>	<b>comparable basis</b>	<b>2021</b>
	<b>GHC</b>	<b>2021</b>	<b>2021</b>
		<b>GHC</b>	<b>GHC</b>
<b>Office of Executive Secretary</b>			
Executive Secretary Secretariat	2,680,000	859,910	1,820,090
Board and Legal Secretariat	2,413,440	1,144,973	1,268,467
Internal Audit	586,100	233,880	352,220
<b>Sub-total</b>	<b>5,679,540</b>	<b>2,238,763</b>	<b>3,440,777</b>
<b>Finance and Admin Directorate:</b>			
Human Resources & Admin	9,705,665	5,945,477	3,760,188
Finance Unit	33,797,168	16,162,409	17,634,759
Procurement Unit	4,045,404	1,155,323	2,890,081
Public Affairs Unit	1,220,200	770,176	450,024
Information Technology Unit	883,200	155,645	727,555
<b>Sub-total</b>	<b>49,651,637</b>	<b>24,189,027</b>	<b>25,462,607</b>
<b>Grand Total Expenditure</b>	<b>68,257,333</b>	<b>31,046,915</b>	<b>37,210,418</b>

*The accompanying notes on pages 16 – 43 form an integral part of these financial statements*



**ENERGY COMMISSION**  
Financial Statements  
for the year ended 31 December, 2021

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL PERFORMANCE**  
for the twelve months period ended 31 December, 2020  
(All amounts are stated in Ghana cedi unless otherwise stated)

	<b>Budget</b>	<b>Actual on</b>	<b>Variance</b>
	<b>2020</b>	<b>Comparable basis</b>	<b>2020</b>
	<b>GHC</b>	<b>2020</b>	<b>2020</b>
		<b>GHC</b>	<b>GHC</b>
<b>INFLOW</b>			
Energy Fund	43,883,026	32,280,113	11,602,913
Regulatory Levy	6,174,898	4,162,659	2,012,239
Other Income	534,552	534,552	-
<b>Total Expected Inflow</b>	<b>50,592,476</b>	<b>36,977,324</b>	<b>13,615,152</b>
<b>EXPENDITURE</b>			
<b>Renewable Energy, Energy Efficiency Promotion &amp; Climate Change:</b>			
Renewable Energy & SE4ALL	4,806,793	554,859	4,251,934
Energy Efficiency & Climate Change	4,795,573	471,305	4,324,268
<b>Sub-total</b>	<b>9,602,366</b>	<b>1,026,164</b>	<b>8,576,202</b>
<b>Electricity and Natural Gas Directorate</b>			
Electricity Market Oversight Panel	1,663,300	-	1,663,300
Technical Regulations	1,703,525	587,166	1,116,359
Social Environmental impact unit	319,190	8,900	310,290
<b>Sub-total</b>	<b>3,686,015</b>	<b>596,066</b>	<b>3,089,949</b>
<b>Strategic Planning &amp; Policy Directorate:</b>			
Planning & Policy Research unit	1,395,270	489,035	906,235
Monitoring & Evaluation unit	-	-	-
<b>Sub-total</b>	<b>1,395,270</b>	<b>489,035</b>	<b>906,235</b>

**ENERGY COMMISSION**

Financial Statements  
for the year ended 31 December, 2021

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL PERFORMANCE**

for the twelve months period ended 31 December, 2020

(All amounts are stated in Ghana cedi unless otherwise stated)

	<b>Budget</b>	<b>Actual on</b>	<b>Variance</b>
	<b>2020</b>	<b>comparable basis</b>	<b>2020</b>
	<b>GHC</b>	<b>2020</b>	<b>2020</b>
		<b>GHC</b>	<b>GHC</b>
<b>Office of Executive Secretary</b>			
Executive Secretary Secretariat	2,697,667	646,672	2,050,995
Board and Legal Secretariat	1,958,000	1,213,706	744,294
Internal Audit	233,472	167,228	66,244
<b>Sub-total</b>	<b>4,889,139</b>	<b>2,027,606</b>	<b>2,861,533</b>
<b>Finance and Admin Directorate:</b>			
Human Resources & Admin	9,171,547	6,243,642	2,927,905
Finance Unit	17,407,260	16,605,603	801,657
Procurement Unit	2,707,881	397,797	2,310,084
Public Affairs Unit	1,307,000	712,416	594,584
Information Technology Unit	1,175,573	546,841	628,732
<b>Sub-total</b>	<b>31,769,261</b>	<b>24,506,299</b>	<b>7,262,962</b>
<b>Grand Total Expenditure</b>	<b>51,342,051</b>	<b>28,645,170</b>	<b>22,696,881</b>

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

**1. Reporting entity**

The Energy Commission (Commission) is a statutory body corporate domiciled in Ghana with perpetual succession and a common seal established by Energy Commission Act 1997, (Act 541) [as amended]. The Commission is required by law to regulate and manage the development and utilization of energy resources in Ghana as well as to provide the legal, regulatory and supervisory framework for all providers of energy in the country, especially by granting licenses for transmission, wholesale, supply, distribution and sale of electricity and natural gas and related matter.

The address of the Commission's principal place of business is Ghana Airways Avenue, Behind Alliance Française, Airport Residential Area, GA-037-3212.

**Object and function of the Commission**

The object of the Commission is to regulate and manage the utilization of energy resources in Ghana and coordinate policies in relation to them.

In accordance with section 2 of Act 541 that elaborates the functions of the Commission, the Commission shall:

- Recommend national policies for the development and utilization of indigenous energy resources;
- Advise the Minister on national policies for the efficient, economical and safe supply of electricity and natural gas having due regard to the national economy;
- Prepare, review and update periodically indicative national plans to ensure that all reasonable demands for energy are met;
- Secure a comprehensive data base for national decision making on the extent of development and utilization of energy resources available to the nation;
- Receive and assess applications, and grant licenses under this Act to public utilities for the transmission, wholesale supply, distribution and sale of electricity and natural gas;
- Establish and enforce, in consultation with the Public Utilities Regulatory Commission, standards and performance for public utilities engaged in the transmission, wholesale supply, distribution and sale of electricity and natural gas;
- Promote and ensure uniform rules of practice for the transmission, wholesale supply, distribution and sale of electricity and natural gas;

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

- Establish and enforce standards of performance for bodies engaged in the supply, marketing and sale of petroleum products;
- Maintain a register of public utilities licensed under this Act in the country;
- Pursue and ensure strict compliance with this Act and regulations made under this Act; and perform any other function assigned to it under this Act or any other enactment.

**2. Basis of preparation**

**2.1 Statement of compliance and presentation of financial statements**

The financial statements of Energy Commission for the year ended 31 December, 2021 have been prepared in accordance with International Public Sector Accounting Standards and in the manner required by the Energy Commission Act 1997 (Act 541) [as amended] and any other applicable regulatory and legal requirements. The financial statements do not fully comply with accrual basis IPSASs, as the Commission has elected to take advantage of the exemption provisions for recognition/measurement of assets/liabilities as listed below;

IPSAS 33; par 36 (d) – Defined benefit plans and other long-term employee benefits (IPSAS 3 – *Employee Benefits*). The Commission is taking advantage of a 3-year transition period to determine its initial liability for its defined benefit plan and other long-term employee benefits.

IPSAS 33; par 36 (h) – Financial instruments (IPSAS 29 – *Financial Instruments; Recognition and Measurement*); par 36, 38 and 42 allow a 3-year transition period to not recognize/measure financial instruments impairment.

The financial statements were authorized for issue by the Governing Board on ....., 2022.

**2.2 Basis of measurement**

The measurement basis applied is the historical cost basis.

**2.3 Functional and presentation currency**

These financial statements are presented in Ghana Cedi which is the Commission's functional currency.

All financial information presented has been rounded to the nearest Ghana Cedis.

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

**2.4 Significant judgments and sources of estimation uncertainty**

The preparation of the Commission's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the report amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**Judgments**

In the process of applying the Commission's accounting policies, management has made judgments, which have the most significant effect on the amounts recognized in the financial statements.

**2.5 Significant judgments and sources of estimation uncertainty**

***Operating lease commitments – Commission as lessee***

The Commission has entered into property lease of the land on which its head office building is built. The Commission has determined, based on an evaluation of the terms and conditions of the arrangements, (such as the lease term not constituting a substantial portion of the economic life of the commercial property) that it does not receive substantially all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

**2.6 Estimates and assumptions**

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

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

**2.7 Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- ▣ The condition of the assets based on the assessment of experts employed by the Commission.
- ▣ The nature of the asset, its susceptibility and adaptability to change in technology and processes.
- ▣ The nature of the processes in which the asset is deployed.
- ▣ Availability of funding to replace the asset
- ▣ Changes in the market in relation to the asset

**2.8 Held-to-maturity investments and loans and receivables**

The Commission assesses its loans and receivables (including trade receivables) and its held-to-maturity investments at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the Commission evaluates the indicators present in the market to determine if those indicators are indicative of impairment in its loans and receivables or held-to-maturity investments.

Where specific impairments have not been identified the impairment for held-to-maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

**3. Summary of significant accounting policies****3.1 Cash and cash equivalents**

Cash and cash equivalent comprise cash on hand and cash at bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Ghana and at various commercial banks at the end of the financial year. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts

**3.2 Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through con-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Cost incurred on bringing each product to its present location and condition is accounted for as follows:

After initial recognition, inventory is measured at the lower of cost or current replacement cost.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Commission. Inventory reported consists primarily of office supplies such as toners, paper and cleaning items.

**3.3 Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated losses. Internally generated intangible assets excluding capitalized development costs are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life are amortized over their useful lives Intangible assets reported in the Energy Commission comprise Computer software (general ledger account and payroll). The useful lives of these assets are 3 – 5 years. Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the assets may be impaired. The amortization period and the amortization method, for an intangible asset with a

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

**3.3 Intangible assets (contd.)**

finite useful life is reviewed at the end of each reporting period. Changes in the expected useful life are reviewed according to the pattern of consumption of future economic benefits embodied in the asset as considered to modify the amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expenses category that is consistent with the nature of the measured as the asset. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the surplus of deficit when the asset is derecognized.

<b>Class of Assets</b>	<b>Annual Amortization (%)</b>
Software	33.33

**3.4 Property and equipment**

All property and equipment are stated as cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property and equipment are required to be replaced at intervals, the Commission recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation on assets is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life.

<b>Class of Assets</b>	<b>Annual depreciation (%)</b>
Land and Building	2
Motor Vehicle	25
Machinery	20
Office Furniture and Fittings	12.5
Computer and Accessories	33.33



**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

**Property and equipment (continued)**

The assets' residual value and useful lives are reviewed, and adjusted prospectively, if appropriate at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset's carrying amount greater than its estimated recoverable amount or recoverable service amount. The Commission derecognizes items of property and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or services potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

**3.5 Leases**

**3.5.1 Commission as a lessee**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Commission. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Commission also recognizes the associated lease liability at the inception of the leases. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Commission will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Commission. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

**3.5.2 Commission as a lessor**

Leases in which the Commission does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating lease. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term. Rent received from an operating lease is recognized as income on a straight-line basis over the lease period term. Contingency rents are recognized as revenue in the period in which they are earned.

**3.6 Financial instruments**

**3.6.1 Financial assets (including receivables)**

**3.6.1a Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 financial Instruments: Recognition and Measurement are classified as loans and receivables and held-to-maturity investments. The Commission determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulations or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date the Commission commits to purchase or sell the asset. The Commission's financial assets include: cash and short-term deposits and trade receivables; loans and other receivables.

**3.6.1b Subsequent measurement**

The subsequent measurement of financial assets depends on the classification.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount of premium on acquisition and fees or cost that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

**Held-to-maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Commission has the positive intention and ability to hold it to maturity.

After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

**3.6.1c De-recognition**

The Commission derecognizes a financial asset or, where applicable, a part of a financial asset or part of a commission of similar financial assets when:

- The rights to receive cash flows from the asset have expired or is waived
- The Commission has transferred its rights to receive cash flows in full without material delay to a third party; and either: (a) the Commission has transferred substantially all the risks and rewards of the asset; or (b) the Commission has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**3.6.1d Impairment of financial assets**

The Commission assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or group of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults).

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

For financial assets carried at amortized cost, the Commission first assess whether objective evidence of impairment exists individual for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Commission determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be, recognized are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

**3.6.1e Financial assets carried at amortized cost**

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or transferred to the Commission. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to financial costs in surplus or deficit.

**3.6.2 Financial liabilities**

**3.6.2a Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate.

The Commission determines the classification of its financial liabilities at initial recognition.

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowing, plus directly attribute transaction costs.

The Commission's financial liabilities are mainly trade and other payable.

**3.6.2b Subsequent measurement**

The measurement of financial liabilities depends on their classification.

**Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**3.6.2c Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in surplus or deficit.

**3.6.2d Offsetting of financial instrument**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal rights to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

**3.6.2e Fair value of financial instrument**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

**3.7 Employee benefit****3.7.1 Retirement benefit plans**

The Commission provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient asset to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payments of retirement benefits are charged against income in the year in which they become payable. The Commission is required by the National Pension Act, 2008 (Act 766), as amended, to make a monthly contribution of 13% of its employees' basic salaries, whilst the employee makes a contribution of 5.5% making a total of 18.5% of workers basic salaries.

The Commission also contributes to a staff provident fund which is maintained for all permanent employees. The Commission contributes 5% of its employees' basic salary monthly to the funds. The employees also contribute 11.5% of their basic salaries to the fund. These contributions are charged to the operating account when employees have rendered the service entitling them to the contributions.

**3.8 Provisions, Contingent Liabilities and Contingent Assets****3.8.1 Provisions**

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

Where the Commission expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

**3.8.2 Contingent liabilities**

The Commission does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefit or service potential is remote.

**3.8.3 Contingent assets**

The Commission does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Commission in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**3.9 Revenue recognition.**

Assets and revenue arising from taxation transaction are recognized in accordance with the requirements of IPSAS 23, Revenue from Non-Exchange Transactions.

The entity recognizes revenue from the Petroleum levy; Permits, Fees and Licenses; Regulatory levy; and Electricity Demand Management Funds when the event occurs and the recognition criteria are met. All these items have the common attribute that they transfer resources from the entity to another without providing approximately equal value in exchange

Transfers satisfy the criteria for revenue recognition when it is probable that the inflow of resources will occur and their fair value can be measured.

**3.9.1 Petroleum Levy**

Petroleum levy is derived from the Energy Sector Levies Act, 2015 (Act 899). The particular levy in the act is the energy Fund Levy and is GHp 1.0 per litre on Petrol, Kerosene, Diesel and Fuel oil. The collecting agency is the Ghana Revenue Authority and the purpose is to support the Energy Commission Activities. Revenues are recognized by the Commission based on a funding allocation letter received from the Ministry of Finance.

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

**3.9.2 Permits, Fees and Licenses**

These are derived from any business or commercial activity for the transmission, wholesale supply, distribution or sale of electricity or natural gas in compliance with the Energy Commission Act, 1997 (Act 541). Unless expressly exempted under this act, all business or commercial activities are required to do so by license. The permits, fees and licenses collected from businesses or commercial activity are recognized when a receipt is issued/billed to a customer. Measurement is based on the fair value of the accounts receivable or cash recognized as at the date of recognition.

**3.9.3 Regulatory Levy**

Revenues in this category are derived from the Public Utilities Regulatory Commission (Amendment) Act, 2010 (Act 800). The Public Utilities Regulatory Commission (PURC) imposes a levy on electricity and natural gas transmission services. The Commission is to receive a 15% share of these levies imposed. The Commission recognizes revenue when it receives notification from Ghana Grid Company Limited (GRIDCo) confirming how much its allocation will amount to.

**3.9.4 Electrical Demand Management Fund (EDMF) project funding**

The Commission, as part of the regulatory framework of the Energy Sector in Ghana, receives funding from the EDMF project in order to facilitate the comprehensive Demand Side Management (DSM) programme. This programme aims to improve the productivity and competitiveness of Ghanaian industries and consumer markets through the use of more efficient technologies. This revenue stream is recognized when funds are received as the Commission is already satisfying the conditions for receipt through its regulatory measures.

**3.10 Changes in accounting policies and estimates**

The Commission recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively, if a retrospective application is impractical. The Commission recognizes the effects of changes in accounting estimate prospectively by including in surplus or deficit.



**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

**3.11 Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**3.12 Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**3.13 Related parties**

The Commission regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Commission, or vice versa. Members of key management are regarded as related parties and comprise the Governing Board, the Executive Secretary, Directors and Deputy Directors.

**3.14 Budget information**

The annual budget is prepared on the cash basis that is all planned costs and income are presented in a single statement to determine the needs of the Commission. As a result of the adoption of the cash basis for budgeting purposes, there are basis differences that would require reconciliation between the actual comparable amount and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

Explanatory comments are provided in the notes to the financial statements; first, the reasons for overall growth or decline in the budget are stated, followed by details of overspending or under spending on line items. These budget figures are those approved by the governing board.

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

**Budget information (continued)**

- (a) The Commission's budget is prepared on a cash basis using classification based on selected budget categories and covers the same period (1 January to 31 December) as the conventional financial statements. The budget was approved by the Governing Board of the Commission and then was submitted to the sector ministry (Ministry of Energy) for a no-objection approval. During the year there were no reclassifications between budget line items.
- (b) The Commission's budget is prepared using a different basis from the financial statements. The financial statements are prepared on an accrual basis using a classification based on the functional expenses in the statement of financial performance, while the budget is prepared on a cash basis in the different budget categories. The amounts in the financial statements were therefore translated from the accrual basis to the cash basis and actuals from the financial statement were also adjusted to conform to the budget categories adopted from the Statement of Comparison of Budget and Actual Amounts.
- (c) Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. There were no timing differences for the Commission.
- (d) A reconciliation between the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual amounts and the Statements of Cash Flows for the year ended 31 December 2020 is presented as follows.

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

**Budget information (continued)**

**(e) Explanation of material difference between actual amounts and budgeted**

The Commission did not realize its budget because of the following:

**Inflows 2021**

The expected inflows from permit and licenses were less by GH¢ 5.2 million due to customers' reluctance to pay regulatory or mandatory fees/charges due to the energy sector cash-freeze facing institutions.

**Outflows 2021**

Expenditures incurred during the period fell short of the budget by GH¢ 37.2 million due to COVID 19 restrictions and its impact on the activities in the energy sector.

Percentage spent per directorate are as follow;

Renewable Energy, Energy Efficiency Promotion and Climate Change	40%
Electricity and Natural Gas	46%
Strategic Planning & Policy Division (SPPD)	16%
Office of Executive Secretary	40%
Finance and Administration	49%

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

**3.15 Donor Support Projects**

The Commission by leveraging on its goodwill and technical experience and expertise, has established working relations with a number of international development partners in the energy sector to support its projects. Projects running as at the yearend are as follows;

**3.15.1 Sustainable use of Natural Resources and Energy Finance Programme (SUNREF)**

The Sustainable Use of Natural Resources and Energy Finance Programme (SUNREF) is a project based on a sustainable development model, the project highlights the intents of the international communities' preparedness to build a model that seeks to reduce carbon footprint in order to achieve the Sustainable Development Goals. The SUNREF project is pioneered by the The Agence Française de Développement, (AFD) to provide an integrated approach to environmental finance. The Energy Commission is in charge of all administrative and supervisory tasks related to the management of the technical Assistance Facility (TAF) for the entire 3 years (October, 2020 to 30th September, 2023) of the project. Approved total project funding was €1.80 million euro. In 2021, the Commission received €282,132.17 and €279,781.20 was spent during the period.

Overall, SUNREF seeks to;

- i. Reduce the carbon footprint and energy intensity of the Ghanaian economy;
- ii. Secure energy supply of small and medium-sized companies in Ghana;
- iii. Leverage investments in the fields of Renewable energy and Energy Efficiency to help structuring these strategic sectors; and
- iv. Provide reliable, innovative and good examples of what can be performed through local banks and small to medium size companies to ensure scalability.

**3.15.2 The Market Entry into Renewable Energy and Energy Efficiency for the Productive Sector in Ghana (DKTI) project.**

The Market Entry into Renewable Energy and Energy Efficiency for the Productive Sector in Ghana (DKTI) project is made up of three programs namely the Ghana Renewable Energy fair & National Symposium, Drafting of Regulations to Prescribe Standards for Construction, Operation & maintenance of Renewable Energy Facilities and Data Collection & Monitoring of Solar PV Installations. These highlighted programs ensure the improvement of regulatory framework and market conditions for renewable energy and energy efficiency in Ghana.

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

**3.15 Donor Support Projects(continued)**

The project is being funded by the Deutsche Gesellschaft Für International Zusammenarbeit (GIZ) GmbH for three years starting from October, 2019 to 30th August, 2021. Approved total project funding is €351,304 thousand euro. In 2021, the project (the Commission) received GH¢ 893,382 and GH¢ 929,954 was spent during the period.

Overall, DKTI seeks to;

- i. To create a platform for stakeholders in the renewable energy and energy efficiency industries for the promotion of renewable energy technologies, energy efficiency solutions and services as well as innovation;
- ii. To facilitate deliberations on pertinent issues in the renewable energy and energy efficiency industries to shape on-going regulations, policy discussions and decisions;
- iii. To promote the market development of renewable energy technologies and energy efficiency solutions;
- iv. To develop Regulations to prescribe standards for Construction, Operation & Maintenance of RE facilities in the country;
- v. Install real-time, remote access data capturing equipment on at least 200 solar PV installation sites to enhance quality data and information to promote the sector; and
- vi. To establish a basis for a policy to scale up real time data collection equipment at all solar installation sites.

**3.15.3 Electrical Wiring Professional Certification Project**

The Electrical Wiring Regulations 2011, (L.I. 2008) were passed into law by Parliament on Friday 24 February, 2012 as one of the responses to the spate of electrical fires that had occurred in the country. The key objectives of the Regulations are to ensure that only properly qualified and certified professionals engage in electrical wiring and installation works, to well defined standards that would promote the safety of persons, property and livestock. Under these regulations, only Certified Electrical Wiring Professionals (CEWPs), qualified under the regulations, will be legally entitled to undertake indoor electrical wiring projects.

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

**3.15 Donor Support Projects(continued)**

**The purpose of the regulation is to;**

- i. Establish the requirements, procedures and practices to ensure the enforcement of minimum standards of electrical wiring on premises.
- ii. Ensure the safety of persons, livestock and other property from hazards that arise from the presence, distribution and use of electrical energy.

These regulations do not apply to external installations. The regulations specifically provide for issues related to:

- i. Who qualifies to undertake electrical wiring in Ghana?
- ii. How a certified qualified wiring professional undertakes the wiring?
- iii. The type of materials to be used for Electrical Wiring in Ghana?

The Electrical Wiring Professional Certification Project is being funded through the fees (examinations fees, graduations fees, etc.) paid by the project students. In 2021, GH¢ 2,111,242 was raised and a total of GH¢ 2,110,743 was spent during the period.

**ENERGY COMMISSION**

Financial Statements  
for the year ended 31 December, 2021

**NOTES TO THE FINANCIAL STATEMENTS**  
(All amounts are stated in Ghana cedi unless otherwise stated)

**4. Property and Equipment**

<b>Cost</b>	<b>Land &amp; Building</b>	<b>Motor Vehicle</b>	<b>Machinery</b>	<b>Office Furniture &amp; Fittings</b>	<b>Computer &amp; Accessories</b>	<b>Total</b>
Balance at 1 January 2020	10,268,528	3,854,253	259,284	570,865	1,402,322	16,355,252
Additions	-	1,495,100	858,267	193,046	439,987	2,986,400
Balance as at 31 December 2020	<u>10,268,528</u>	<u>5,349,353</u>	<u>1,117,551</u>	<u>763,911</u>	<u>1,842,309</u>	<u>19,341,652</u>
Balance at 1 January 2021	10,268,528	5,349,353	1,117,551	763,911	1,842,309	19,341,652
Additions	578,447	1,666,379	-	94,800	624,217	2,963,843
Balance as at 31 December 2021	<u>10,846,975</u>	<u>7,015,732</u>	<u>1,117,551</u>	<u>858,711</u>	<u>2,466,526</u>	<u>22,305,485</u>
<b>Accumulated Depreciation</b>						
Balance at 1 January 2020	887,362	3,799,254	259,284	296,774	1,254,709	6,497,383
Depreciation charge	-	428,775	-	72,559	258,110	759,444
Balance as at 31 December 2020	<u>887,362</u>	<u>4,228,029</u>	<u>259,284</u>	<u>369,333</u>	<u>1,512,819</u>	<u>7,256,827</u>
Balance at 1 January 2021	887,362	4,228,029	259,284	369,333	1,512,819	7,256,827
Depreciation charge	-	423,948	933	4,407	73,922	503,210
Balance as at 31 December 2021	<u>887,362</u>	<u>4,651,977</u>	<u>260,217</u>	<u>373,740</u>	<u>1,586,741</u>	<u>7,760,037</u>
<b>Carrying amount</b>						
Balance as at 31 December 2020	9,381,166	1,121,324	858,267	394,578	329,490	12,084,825
Balance as at 31 December 2021	<u>9,959,613</u>	<u>2,363,755</u>	<u>857,334</u>	<u>484,971</u>	<u>879,785</u>	<u>14,545,458</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
 (All amounts are stated in Ghana cedi unless otherwise stated)

**5. Intangibles Assets**

<b>Cost</b>	<b>GH¢</b>
At 1 January 2020	236,359
Additions	-
	<hr style="border-top: 1px dashed black;"/>
Balance at 31 December 2020	<b>236,359</b>
	<hr style="border-top: 3px double black;"/>
At 1 January 2021	236,359
Additions	55,620
	<hr style="border-top: 1px dashed black;"/>
Balance at 31 December 2021	<b>291,979</b>
	<hr style="border-top: 3px double black;"/>
<b>Accumulated amortization</b>	
At 1 January 2020	96,155
Charge for the year	109,252
	<hr style="border-top: 1px dashed black;"/>
Balance at 31 December 2020	<b>205,407</b>
	<hr style="border-top: 3px double black;"/>
At 1 January 2021	205,407
Charge for the year	8,343
	<hr style="border-top: 1px dashed black;"/>
Balance at 31 December 2021	<b>213,750</b>
	<hr style="border-top: 3px double black;"/>
<b>Net book Value</b>	
Balance as at 31 December 2020	<b>30,952</b>
Balance as at 31 December 2021	<b>78,229</b>

	<b>2021</b>	<b>2020</b>
	<b>GH¢</b>	<b>GH¢</b>
<b>6. Inventories</b>		
Office Consumables	321,901	242,315
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
	<b>321,901</b>	<b>242,315</b>
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>



**ENERGY COMMISSION**  
Financial Statements  
for the year ended 31 December, 2021

**NOTES TO THE FINANCIAL STATEMENTS**  
(All amounts are stated in Ghana cedi unless otherwise stated)

	<b>2021</b>	<b>2020</b>
	<b>GH¢</b>	<b>GH¢</b>
<b>7. Trade and other receivable</b>		
Trade Receivables	25,981,016	24,855,151
Staff Loan	3,625,927	1,084,069
Prepayment	101,153	89,799
	<u>29,708,096</u>	<u>26,029,019</u>
<b>8. Cash and Cash Equivalent</b>		
Fixed Deposit	20,000,000	-
Cash and Bank	2,620,402	5,118,447
	<u>22,620,402</u>	<u>5,118,447</u>
Fixed deposit is an investment instrument with GCB Bank at an annual interest rate of 13.5%, tenure of 365 days, value date is 9 December 2021 and maturity date is 8 December 2022.		
<b>9. Accumulated Fund</b>		
Balance at the 1 January	40,394,772	72,165,339
Prior year adjustment (Note 21)	-	(52,893,358)
Surplus for the year	24,786,880	21,122,791
	<u>65,181,652</u>	<u>40,394,772</u>
<b>10. Trade and other payables</b>		
Trade payables	906,466	2,637,714
Audit fees	336,950	340,725
Accrued Liabilities	849,018	132,347
	<u>2,092,434</u>	<u>3,110,786</u>
<b>11. Revenue</b>		
Transfer from Energy Fund	43,920,704	32,280,000
Receivable from the Energy Fund	-	11,603,026
Regulatory Levy	11,707,348	6,174,898
Rebate Scheme (UNDP)	-	217,947
	<u>55,628,052</u>	<u>50,275,871</u>

## ENERGY COMMISSION

Financial Statements  
for the year ended 31 December, 2021

### NOTES TO THE FINANCIAL STATEMENTS

(All amounts are stated in Ghana cedi unless otherwise stated)

	2021	2020
	GH¢	GH¢
<b>12. Other Income</b>		
Other revenue	417,751	207,923
	417,751	207,923
	417,751	207,923

Other revenues consist primarily of payments and sponsors participating in and /or attending Energy Fairs during the year.

### 13. Personnel Emoluments

Salaries and Wages	12,876,650	13,194,400
Employer SSNIT Contribution	1,115,172	1,119,045
Employer Provident Fund Contribution	1,328,488	1,226,342
	15,320,310	15,539,787
	15,320,310	15,539,787

### 14. General and Administrative Expenses

Board and Legal Expenses	1,144,973	1,213,706
Stationery and Printing	261,197	247,112
Insurance	284,180	320,084
Audit Fees	338,500	262,350
ICT and Communication	155,645	546,841
Sanitation and Security	143,867	189,103
Repairs and Maintenance	1,176,017	1,386,385
Medicals	630,347	497,893
Office Consumables	446,320	362,267
Office Rent	59,743	98,284
Motor Vehicle Running	403,738	55,566
Travels	99,220	48,442
Advertising	-	126,841
Depreciation and Amortization	511,553	868,695
Bank Charges	2,415	16,379
Fuel and Lubricants	79,361	326,431
Ground Rent	-	44,000
Utilities	229,700	6,369
Refreshment for meetings	61,771	144,241
Professional fees	14,705	90,052
	6,043,252	6,851,041
	6,043,252	6,851,041

**ENERGY COMMISSION**

Financial Statements  
for the year ended 31 December, 2021

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

	<b>2021</b>	<b>2020</b>
	<b>GH¢</b>	<b>GH¢</b>
<b>15. Service Activities Expenses</b>		
Renewable Energy	2,097,939	554,829
Energy Efficiency and Climate Change	640,281	471,405
Technical Regulations	1,394,341	587,166
Strategic Planning and Policy	438,051	489,035
Public Affairs	770,176	712,416
Human Resources Development	1,596,148	2,499,265
Procurement	1,155,323	397,797
Finance Unit	660,799	357,121
Social Impact, Environment and Technical Assistance	48,510	8,900
Internal Audit	233,880	167,228
Inspectorate	-	55,600
International Co-operation and Affiliations	-	22,740
Office of Executive Secretary	859,913	646,673
	<u>9,895,361</u>	<u>6,970,175</u>
<b>16. Cash generated from operations</b>		
Excess Income over Expenditure	24,786,880	21,122,791
Prior year adjustment	-	(52,893,358)
Depreciation and amortization	511,553	868,696
	<u>25,298,433</u>	<u>(30,901,871)</u>
<b>Changes in Working Capital</b>		
Changes in Inventories	(79,586)	26,740
Changes in Trade and Other Receivables	(3,679,077)	40,620,691
Changes in Trade and Other Payables	(1,018,352)	(3,672,417)
	<u>20,521,418</u>	<u>6,073,143</u>
<b>Net cash generated from operation activities</b>		

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

**17. Financial Risk Management**

**17.1 Financial Risk Factors**

The Commission's activities are exposed to variety of financial risk: market risk (including currency risk, fair value interest rate and price risk), credit risk and liquidity risk. The Commission's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effect on the Commission's financial performance. Risk Management is carried out in compliance with the Commission policies approved by the Governing Board.

All of the financial instruments are denominated in Ghana cedi. As a result, there is no exposure to foreign currency risk.

**17.1.1 Credit Risk**

Credit risk is the risk of suffering financial loss should any of the Commission's counterparties fail to fulfil the contractual obligation. The financial instruments which potentially will subject the Commission to concentration of credit risk are primarily cash at bank and trade and other accounts receivables.

The Commission deals with financial institutions licensed by the Bank of Ghana as well as the Bank of Ghana itself. The risk of the counterparty failing to fulfil their contractual obligations is assessed to be minimal. The Commission does not hold collateral securities.

With respect to trade and other accounts receivables, the Commission undertakes a rigorous screening process for all customers prior to providing them their initial license. As some of the Commission's significant customers are government institutions, in the event of debts being long outstanding, round table meetings are held between the heads of these institutions and select members of the Commission's governing board to resolve overdue payment issues. The Auditor General requires that all overdue debts be treated in accordance with the provisions of Section 53 of the Public Financial Management Act, 2017 (Act 921). This requires that for overdue debts the sector minister as well as the Minister of Finance have to participate in any decision to write off any overdue debts.

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

**17.1.2 Liquidity risk**

Liquidity risk is the risk that the Commission will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or other financial assets. The Commission's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity (cash reserves) to meet its liabilities when they are due.

**Contractual maturities of financial liabilities**

<b>31 December 2021</b>		<b>Less than 3 months</b>
Trade payables		
Audit fees		906,466
Accrued liabilities		336,950
		849,018
<b>31 December 2020</b>		<b>Less than 3 months</b>
Trade payables		
Audit fees		2,637,714
Accrued liabilities		340,725
		132,348

**18. Related party transactions****Transactions with key Management Personnel****(i) Key Management Personnel Compensation**

Key Management Personnel Compensation comprised of the following:

	<b>2021</b>	<b>2020</b>
	<b>GH¢</b>	<b>GH¢</b>
Short-Term Benefits	3,256,578	3,256,578
Post- Employment Benefits	951,962	951,962
	<u>4,208,540</u>	<u>4,208,540</u>

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are stated in Ghana cedi unless otherwise stated)

**19. Contingent assets, liabilities and capital commitments**

There were no contingent assets/liabilities and capital commitments as at 31 December 2021 (2020: Nil).

**20. Events after Year-End**

Where there are material events that are indicative of conditions that arose after the statement of financial position date, the Commission will disclose them by way of note, the nature of the event and estimate of its financial effect or a statement that such an estimate cannot be made. The Commission had no material subsequent events that required adjustment to or disclosure in the financial statements.

**21. Prior year adjustment**

This relates to the effect of a ‘**Change in Accounting Policy**’ approved by the Board and adopted by management in the recognition of revenue and trade receivables. This change took effect on 1st January, 2021. All revenue and trade receivables which were being booked in both the books of the Energy Commission and the Energy Fund are now to be booked only in the Energy Fund. Transfers from the Fund to the Commission will then be treated as revenue by the Commission. In order for the change to be retrospective, all trade receivables except Regulatory Levy Receivable were moved from the Energy Commission to the Energy Fund. The comparative financial statements (2020 financial year) were restated in 2021 in accordance with IPSAS 3 (Accounting Policies, Changes in Accounting Estimates and Errors). The adjusted amount is GH¢ 49,089,632.30. This adjustment impacted Trade Receivables and Accumulated Fund.

In addition, there was an overstatement of the amount due from annual operators and public utilities by GH¢ 3,803,726. This was corrected in the 2020 financial year and impacted the trade receivable account and the opening accumulated fund.