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# ENERGY FUND

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

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AUGUST 2022

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| Securing Ghana's Future Energy Today

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**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

**ENERGY FUND**

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	59,982,037	42,254,915	69,553,769	27,295,558	33,706,787
Expenditure	(43,920,704)	(32,280,113)	(39,209,158)	(27,435,045)	(34,871,901)
<b>Excess</b>	<b>16,061,333</b>	<b>9,974,802</b>	<b>30,344,611</b>	<b>(139,487)</b>	<b>(1,165,114)</b>
Total assets	56,599,008	40,537,675	30,562,873	218,262	357,749
Total equity	56,599,008	40,537,675	30,562,873	218,262	357,749

<b>Financial Highlights</b>	<b>2021 GH¢</b>	<b>2020 GH¢</b>	<b>Change GH¢</b>	<b>Percentage Change %</b>
Income	59,982,037	42,254,915	17,727,122	42
Expenditure	(43,920,704)	(32,280,113)	(11,640,591)	36
<b>Excess</b>	<b>16,061,333</b>	<b>9,974,802</b>	<b>6,086,531</b>	<b>61</b>
Total assets	56,599,008	40,537,675	16,061,333	40
Total equity	56,599,008	40,537,675	16,061,333	40

### **Report of the Governing Board of Directors**

The Governing Board presents its report and the Financial Statements of the Energy Fund 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 Fund. The Governing Board is also responsible for safeguarding the assets of the Fund and taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Objectives**

The objectives of the Fund are mandated under Section 42 of the Energy Commission Act 1997, Act 541 (as amended);

“Moneys of the Fund shall be applied to:

- Promotion of energy efficiency and productive uses of electricity, natural gas petroleum product;
- Promotion of projects for the development and utilization of renewable energy resources, including solar energy;
- Human resource development in the energy sector;
- Local content and local participation in the Energy Fund.”

**Report of the Governing Board of Directors (continued)**  
**Management of the Fund**

- i. In addition, the Fund shall be administered by the Governing Board which shall for this purpose include the Controller and Accountant-General or his representative.
- ii. The monies for the Fund shall be paid into a bank account opened for the purpose by the Commission with the approval of the Controller and Accountant-General.
- iii. The provisions under sections 49 and 50 of the Energy Commission Act on accounts, audit and annual report apply to the Fund.

**Ownership Structure**

The Energy Fund 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 Fund's Governing Board has any interest in the ownership of the Fund during the year under consideration. None of the Members of the Fund's Governing Board has any form of interest in any contract.

**Financial results for the year:**

	<b>2021</b>	<b>2020</b>
	<b>GH¢</b>	<b>GH¢</b>
Beginning balance of equity brought forward of	40,537,675	30,562,873
The Fund recorded excess income over expenditure of	16,061,333	9,974,802
	-----	-----
Closing balance on equity carried forward of	<b>56,599,008</b>	<b>40,537,675</b>
	-----	-----

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 Fund's Financial Position, Performance and Cash Flows and
- The state of the Fund'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 Fund's auditors for the 2021 financial year.

**Report of the Governing Board of Directors**

**Approval of the Financial Statements**

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

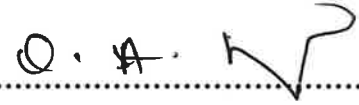
**Board Chairman:** Prof. Ebenezer Owusu Oduro

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

**Signature:** .....



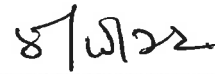
**Signature:** .....



**Date:** .....



**Date:** .....



**Corporate Governance (CG) Report**

The Governing Board is committed to strong corporate governing practices that allocate rights and responsibilities in managing the Energy Fund (Fund). The Governing Board and Management are to provide an effective oversight and management of the Fund in a manner that enhances stakeholder value and promotes confidence. The Fund's corporate governance over its key affairs, include, the appointment of Management, approval of business strategies, evaluation of performance and assessment of major risk facing the Fund.

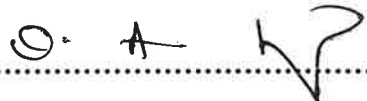
In discharging its obligations, the Governing Board exercises judgement in the best interest of the Fund and relies on the Fund's Management to implement approved business strategies, resolve day-to-day operational issues, keep the Governing Board informed, and maintain and promote high ethical standards. The Governing Board delegates authority in management matters to the Management, subject to clear instructions. It is upon such delegation of authority and circumstances that the Management shall be required to obtain Governing Board approval prior to taking a decision on behalf of the Fund. The Governing Board is made up of six Non-Executive Directors and one Executive Director.

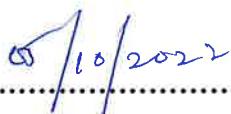
The Governing Board's commitment to ensuring international best practices in terms of Corporate Governance remains strong and unwavering.

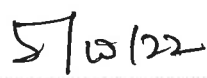
**Board Chairman:** Prof. Ebenezer Owusu Oduro

**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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info@enacgh.com  
Website: www.enacghana.com

## **DZORWULU ANNEX:**

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enacdz@yahoo.com

## **ENERGY FUND**

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 9 to 12 give a true and fair view of the financial position of the Energy Fund 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 Fund, 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 and other explanatory notes as set out on pages 13 to 36.

#### **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 Fund 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 Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern

**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 Fund'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 Fund'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 Fund 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 Fund, in so far as appears from our examination of those books; and
- ii) The Fund's books of account are in a form approved by the Auditor-General.
- iii) The financial year of the Fund 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: 05 / 15 / ..... 2022

**ENERGY FUND**

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>Current Assets</b>		<b>GH¢</b>	<b>GH¢</b>
Trade Receivables	4	44,916,287	38,511,909
Cash and Cash Equivalent	5	11,682,721	2,025,766
<b>Total Current Assets</b>		<b>56,599,008</b>	<b>40,537,675</b>
<b>Total Assets</b>		<b>56,599,008</b>	<b>40,537,675</b>
<b>Equity</b>			
Accumulated Fund	6	56,599,008	40,537,675
<b>Total Equity</b>		<b>56,599,008</b>	<b>40,537,675</b>

**APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements of Energy Fund, 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 13 – 24 form an integral part of these financial statements*

**ENERGY FUND**  
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)

	Note	2021	2020
Revenue	7	58,217,515	42,069,118
Other income	8	1,764,522	185,797
<b>Total Income</b>		<u>59,982,037</u>	<u>42,254,915</u>
<b>Expenditure</b>			
Promotion of energy efficiency and productive use of electricity and natural gas	9	4,619,122	2,647,600
Human resource development in the energy sector	10	8,207,348	9,690,900
Promotion of projects for the development of and utilisation of Renewable Energy Resources including solar energy	11	982,359	463,500
Other relevant expenditure	12	30,111,875	19,478,113
<b>Total Expenditure</b>		<u>43,920,704</u>	<u>32,280,113</u>
<b>Surplus transferred to Accumulated Fund</b>	6	<u><b>16,061,333</b></u>	<u><b>9,974,802</b></u>

*The accompanying notes on pages 13 – 24 form an integral part of these financial statements*

**ENERGY FUND**  
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)

	<b>Note</b>	<b>2021</b> <b>GH¢</b>	<b>2020</b> <b>GH¢</b>
Balance at the beginning of the year		40,537,675	30,562,873
Surplus for the year		16,061,333	9,974,802
<b>Balance at the end of the year</b>		<b>56,599,008</b>	<b>40,537,675</b>

*The accompanying notes on pages 13 – 24 form an integral part of these financial statements*

**ENERGY FUND**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>Excess income over expenditure</b>		16,061,333	9,974,802
<b>Changes in working capital</b>			
Changes in trade receivables		(6,404,378)	(11,671,250)
<b>Net Cash generated from operating activities</b>		<u>9,656,955</u>	<u>(1,696,448)</u>
Net increase in cash and cash equivalent		9,656,955	(1,696,448)
Balance at the beginning of the year		2,025,766	3,722,214
<b>Balance at the end of the year</b>	5	<u>11,682,721</u>	<u>2,025,766</u>

*The accompanying notes on pages 13 – 24 form an integral part of these financial statements*

**NOTES TO THE FINANCIAL STATEMENTS**

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

**1. Reporting entity**

The Energy Fund (Fund) is an establishment under section 41 of the Energy Commission Act, 1997 (Act 541) (as amended). The resources of money for the Fund are as follows:

- such proportion of Government levy on petroleum products, electricity and natural gas as may be determined by the Cabinet and approved by Parliament (CAGD releases);
- money that accrues to the Commission in the performance of its functions (Fees from permits); and
- grants

**Objectives of the Fund**

The objects of the Fund (section 42 of the Energy Commission Act, 1997 Act 541) (as amended) included the following:

- promotion of energy efficiency and productive use of electricity, natural gas and petroleum products;
- promotion of projects for the development and utilization of renewable energy resources including solar energy;
- human resource development of the energy sector;
- local content and local participation development in the energy sector;
- such other relevant purposes as may be determined by the Fund.

**Management of the Fund**

Per the Energy Commission Act, 1997 (Act, 541) (as amended);

Section 43 – Management of the Fund: The Fund shall be managed and administered by the Commission which shall for this purpose include the Controller and Accountant-General or his representative.

Section 44 – Functions of the commission in Respect of the fund:

- (1) The Commission shall for the purpose of managing the Fund:
  - (a) formulate policies to generate money for the Fund;
  - (b) determine the allocations to be made towards the objectives of the Fund; and
  - (c) determine annual targets of the fund



**NOTES TO THE FINANCIAL STATEMENTS**

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

**2. Basis of preparation****2.1 Statement of compliance and presentation of financial statements**

The financial statements of Energy Fund 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 IPSAS, as the Fund 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 Fund's functional currency.

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

The presentation of the financial statements has been changed from cash basis to accrual basis and all comparative figures have been updated.

**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 Fund'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 Fund's accounting policies, management has made judgments, which have the most significant effect on the amounts recognized in the financial statements.

**2.5 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.

**2.6 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 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 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.

**3.2.1 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)

**3.2.2 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.

**3.2.3 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.

**3.3 Expenditure.**

These are primarily composed of outflows of cash to the Energy Commission and payment of other charges such as bank charges.

**3.4 Financial instruments****3.4.1 Financial assets (including receivables)****3.4.1a 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 Fund's financial assets include: cash and short-term deposits and trade receivables.

**Held-to-maturity****3.4.1b 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. 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.

**3.4.1c 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.

**3.4.1d 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 :).

**NOTES TO THE FINANCIAL STATEMENTS**

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

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

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.

**3.4.1e 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.

**NOTES TO THE FINANCIAL STATEMENTS**

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

**3.5 Contingent Liabilities and Contingent Assets**

**3.5.2 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.

**3.5.3 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.

**3.6 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.

**3.7 Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction.

**ENERGY FUND**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>4. Trade Receivables</b>		
Annual operating license fees	44,350,245	28,548,063
Bulk customer license fees	566,042	2,109,312
Annual petroleum levy	-	7,854,534
	<u>44,916,287</u>	<u>38,511,909</u>
<b>5. Cash and Cash Equivalent</b>		
Cash and Bank	11,682,722	2,025,766
	<u>11,682,722</u>	<u>2,025,766</u>
<b>6. Accumulated Fund</b>		
Balance at 1 January	40,537,675	30,562,873
Surplus for the year	16,061,333	9,974,802
	<u>56,599,008</u>	<u>40,537,675</u>
<b>7. Revenue</b>		
Petroleum Levy	29,808,017	20,689,757
Bulk Customer fees	3,312,722	1,971,878
Annual operating fees	23,427,383	18,142,299
License and permit fees	1,669,393	1,265,184
	<u>58,217,515</u>	<u>42,069,118</u>
<b>8. Other Income</b>		
Exchange Gain	8,809	677
Sundry Income	1,755,713	185,120
	<u>1,764,522</u>	<u>185,797</u>



**ENERGY FUND**

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 GH¢	2020 GH¢
<b>9. Promotion of Energy Efficiency and Productive uses of Electricity</b>		
Energy efficiency, conservation and climate change	640,281	471,405
Technical Regulation and inspection	1,394,341	1,116,531
Strategic planning and policy development	438,051	489,035
Social and Environmental impact assessment	48,510	15,800
Renewable Energy Sector Development	2,097,939	554,829
	<u>4,619,122</u>	<u>2,647,600</u>
<b>10. Human Resource development in the energy sector</b>		
Human Resource development	1,927,900	2,942,207
General and admin Expenses	6,279,448	6,748,693
	<u>8,207,348</u>	<u>9,690,900</u>
<b>11. Promotion of projects for the development of and utilisation of Renewable Energy Resources including solar energy</b>		
Promotion of renewable energy and others	982,359	463,500
	<u>982,359</u>	<u>463,500</u>
<b>12. Other relevant expenditure</b>		
International cooperation	-	79,733
Procurement	4,302,719	3,384,197
Staff compensation	15,405,997	15,379,786
Administrative Support	10,403,159	634,397
	<u>30,111,875</u>	<u>19,478,113</u>

Included in Administrative support are funds transferred for investment in fixed deposits during the year.

**NOTES TO THE FINANCIAL STATEMENTS**

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

**13. Financial Risk Management**

**13.1 Financial Risk Factors**

The Fund'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 Fund'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.

**13.1.1 Credit Risk**

Credit risk is the risk of suffering financial loss should any of the Fund'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 Fund'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 Fund'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)

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

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

**15. Subsequent events**

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.