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E.S.L.A PLC

Report and Financial Statements
31 December 2019

CLASSIFICATION: CONFIDENTIAL

E.S.L.A. PLC

ANNUAL REPORTS AND FINANCIAL STATEMENTS

INDEX

E.S.L.A. PLC

CORPORATE INFORMATION

BOARD OF DIRECTORS	Simon Dornoo - *Chairman* Frederick Dennis - *Administrator* James Demitrus Samuel Danquah Arkhurst Alhassan Sulemana Tampuli
SECRETARY	Trustee Services Limited 4 Momotse Avenue, Adabraka P. O. Box GP 1632 Accra
ADMINISTRATORS	KPMG Marlin House, 13 Yiyiwa Drive, Abelenkpe P. O. Box GP 242 Accra.
SOLICITORS	Bentsi-Enchill, Letsa & Ankomah (BELA) 4 Momotse Avenue, Adabraka P. O. Box GP 1632 Accra
PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE	Ocean House 13 Yiyiwa Drive, Abelenkpke P. O. Box GP 242 Accra
AUDITOR	Deloitte & Touche Chartered Accountants The Deloitte Place 71 Off George Walker Bush Highway, North Dzorwulu P. O. Box GP 453 Accra
BANKERS	Fidelity Bank Ghana Limited Standard Chartered Bank Ghana Limited

REPORT OF THE DIRECTORS
TO THE MEMBERS OF
E.S.L.A. PLC

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of financial statements that give a true and fair view of E.S.L.A. Plc, comprising the statement of financial position as at 31 December 2019, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992). In addition, the Directors are responsible for the preparation of the Report of the Directors.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the ability of the company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

FINANCIAL STATEMENTS AND DIVIDEND

The financial results of the Company for the year ended 31 December 2019 are set out in the accompanying financial statements.

The Directors do not recommend the payment of dividend. (2018 Nil)

PRINCIPAL ACTIVITIES

The Company is set up as a special purpose vehicle to, among others, issue debt securities for the purpose of refinancing the Energy Sector Debt. Pursuant to that, it has issued debt securities backed by receivables collected under the Energy Sector Levies Act, assigned to the Company by the Government of Ghana acting through the Ministry of Finance for the purpose of servicing the debt securities and related expenses.

HOLDING COMPANY

NTHC Limited is the appointed nominee shareholder and holds all the shares in the Company.

RELATED PARTY TRANSACTIONS

Information regarding Directors' interests in ordinary shares of the company and remuneration is disclosed in the notes to the financial statements. No director has any other interest in any shares or loan stock of the company.

The company is not aware of any conflicts, or any potential conflicts, between the duties of the Directors to the company and their private interests or other duties.

BOARD OF DIRECTORS

Profile

Non-executive	Qualification	Outside board and management position
Simon Dornoo	MBA, ICA (Ghana)	Director, Private Clinics Limited
Samuel Danquah Arkhurst	B.A. Economics, M.A. Economic Policy Management, LLB	Director, Debt Management, Ministry of Finance
James Demitrus	Bsc.Administration, MSc. Economics, ACCA	Head, Revenue Monitoring Unit, Ministry of Energy
Alhassan Sulemana Tampuli	Bsc.Administration, LLB, LLM	CEO, National Petroleum authority Director, Hay & Partners Director, Tizaa Rural Bank Director, Eastbridge & Associates
Executive	**Qualification**	**Outside board and management position**
Frederick Dennis	BA. Administration, FCCA, ICA (Ghana)	Partner, KPMG

Biographical information of Directors

Age category	Number of Directors
41 – 60 years	**5**

ROLE OF THE BOARD

The Directors are collectively responsible for the direction and strategic control of E.S.L.A. Plc, driving its activities towards the achievements of the entity's vision, whilst enhancing the value of its shareholders and meeting the interests of other stakeholders. The Board is ultimately accountable to the nominee shareholder for the performance of the business. In view of the above responsibility, the Board has assumed a number of activities including monitoring performance, risk management, internal controls and compliance as well as delegating its authority to the administrators of the company to oversee the performance of key activities.

INTERNAL CONTROL SYSTEMS

The Directors have overall responsibility for the company's internal control systems and review their effectiveness, including a review of financial, operational, compliance and risk management controls. The implementation and maintenance of the risk management and internal control systems are the responsibility of the administrators. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss. The Directors have reviewed the effectiveness of the internal control systems, including controls related to financial, operational and reputational risks identified by the company as at the reporting date and no significant failings or weaknesses were identified.

CONFLICTS OF INTEREST

During the period, no actual or potential conflicts arose and no authorisations for conflicts were sought. Hence there were no entries recorded in the Interests Register as required by 194(6),195(1)(a) and 196 of the Companies Act 2019, (Act 992).

BOARD BALANCE AND INDEPENDENCE

The composition of the board of directors and its Committees is reviewed to ensure that the balance and mix of skills, independence, knowledge and experience is maintained.

The code of ethics is available for all board members. All board members are required to comply with the requirements of the provision of the code. There are no exceptions to the adherence of the requirement of the code.

CORPORATE SOCIAL RESPONSIBILITY

The company did not engage in any Corporate Social Responsibility (CSR) programmes during the year under review.

DIRECTORS REMUNERATION

Directors' remunerations are determined upon appointment. There have been no variations in remuneration to date.

AUDIT FEES

Audit fee for the year is GH¢ 132,000

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company as identified above do not contain untrue statements, misleading facts or omit material facts to the best of our knowledge. They were approved by the Board of Directors on 20 April 2020 and signed on their behalf by:

....	....
DIRECTOR	DIRECTOR
DATE 20 April 2020	DATE 20-04-2020

Deloitte.

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Accra
Ghana

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Independent Auditor's Report
To the Members of E.S.L.A. PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of E.S.L.A. PLC which comprise the statement of financial position as at 31 December 2019, the statements of comprehensive income, statement of changes in equity, statement of cash flow for the year then ended, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of E.S.L.A PLC as at 31 December 2019 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, and in the manner required by the Companies Act, 2019 (Act 992).

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 Company in accordance with the requirements of the International Federation of Accountants Code of Ethics for Professional Accountants (including International Independent Standards) (the Code) issued by the International Ethics and Standards Board for Accountants (IESBA) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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Independent Auditor's Report

To the Members of E.S.L.A. PLC

Key audit matter	How our audit addressed the key audit matter
Loan Loss Provision	
The Company measures financial instruments in accordance with IFRS 9 – Financial Instruments during the year, which requires the measurement of expected credit loss allowance for financial assets at amortised cost and fair value through other comprehensive income. The Company reviews its financial assets for impairment at the end of each reporting period. Due to the significant judgements that are applied by management in determining whether an impairment loss has occurred we considered this to be a key audit risk. The disclosures relating to impairment of financial assets which are included in notes to the financial statements are considered important to the users of the financial statements given the level of judgement and estimation involved.	We evaluated the design and tested the implementation and operating effectiveness of the key controls over the computation of impairment loss. In evaluating the design of controls, we considered the appropriateness of the control considering the nature and significance of the risk, competence and authority of person(s) performing the control, frequency and consistency with which the control is performed. In performing operating effectiveness of controls, we selected a sample of transactions based on the control frequency to determine whether the control operated during the year. We performed an evaluation of management's key assumptions over the expected credit loss model (ECL), including the probability of default and the Loss Given Default. We challenged management's staging of its financial assets in the ECL module and tested portfolios to ensure they have been included in the correct stage. We tested the underlying calibration data behind the determination of the probability of default by agreeing same to underlying supporting documentation. We found that the assumptions used by management were comparable with historical performance and have been assessed as reasonable. We further tested the disclosures to ensure that the required disclosures under IFRS 9 have been appropriately disclosed.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report.
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Independent Auditor's Report

To the Members of E.S.L.A. PLC

Responsibilities of the Directors for the financial Statements

The Company's Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 2019 (Act 992) and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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Independent Auditor's Report

To the Members of E.S.L.A. PLC

Auditor's Responsibilities for the Audit of financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the audit committee and the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the benefits derivable by the public from such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Seventh Schedule of the Companies Act, 2019 (Act 992) we expressly state that:

1. We have obtained the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.

2. In our opinion:
   - proper books of accounts have been kept by the Company, so far as appears from our examination of those books.
   - the information and explanations given to us, is in the manner required by Act 992 and give a true and fair view of the:

     a. statement of financial position of the Company at the end of the financial year, and

     b. statement of profit or loss and other Comprehensive income for the financial year.
     c. the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the accounting records and returns.

We are independent of the Company, pursuant to section 143 of Act 992.

The engagement partner on the audit resulting in this independent auditor's report is **Daniel Kwadwo Owusu (ICAG/P/1327).**

Deloitte & Touche

For and on behalf of Deloitte & Touche (ICAG/F/2020/129)
Chartered Accountants
Plot No.71, Off George Walker Bush Highway
North Dzorwulu
Accra Ghana

21st April **2020**

E.S.L.A. PLC

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

	Note	Dec 2019 GH¢'000	Dec 2018 GH¢'000
ASSETS			
Non-current asset			
E.S.L.A. receivables	5	3,780,472	3,776,059
Current assets			
E.S.L.A. receivables	5	1,687,868	1,306,751
Cash and cash equivalents	6	688,152	558,430
Other receivables	7	2,834	6,788
Total current assets		**2,378,854**	**1,871,969**
Total assets		**6,159,326**	**5,648,028**
LIABILITIES			
Non-current liabilities			
Bonds payable	8	5,938,708	5,384,967
Total non-current liabilities		**5,938,708**	**5,384,967**
Current liabilities			
Bond interest payable	10	153,252	195,691
Other payable	11	1,404	1,048
Deposits towards expenses	12	3,641	1,403
Deferred income (bond premium)	13	18,484	20,831
Current tax	9	369	11,019
Total current liabilities		177,150	229,992
Total liabilities		6,115,858	5,614,959
EQUITY			
Stated capital	14	10	10
Retained earnings		43,458	33,059
Total equity		**43,468**	**33,069**
Total equity and liabilities		**6,159,326**	**5,648,028**

These financial statements were approved by the Board of Directors on ……30 April……… 2020 and are and signed on their behalf by:

……………………………… ………………………………

Frederick Dennis **Simon Dornoo**
Director **Director**

The notes on pages 14 to 37 form an integral part of these financial statements.

E.S.L.A. PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	12 Months to Dec 2019 GH¢'000	15 Months to Dec 2018 GH¢'000
E.S.L.A. receipts applied toward interest expense		1,086,255	1,243,131
E.S.L.A. receipts applied towards administrative expenses		6,201	6,765
Total E.S.L.A. receipts applied		1,092,456	1,249,896
Interest expense	15	(1,086,255)	(1,243,131)
Administrative expenses	16	(6,201)	(6,765)
Operating results		-	-
Other Income	17	24,085	44,105
Other expense		(10)	(27)
Impairment charge		(416)	-
		23,659	44,078
Income tax expense	9	(6,019)	(11,019)
Results after tax		17,640	33,059
Other comprehensive income		-	-
Total comprehensive income		**17,640**	**33,059**
Earnings per share (GH¢)	**18**	**17.64**	**33.06**

The notes on pages 14 to 37 form an integral part of these financial statements.

E.S.L.A. PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Stated Capital GH¢'000	Retained Earnings GH¢'000	Total Equity GH¢'000
Balance at 1 January 2019	10	33,059	33,069
Adjustment on initial application of IFRS 9	-	(7,241)	(7,241)
Restated balance at 1 January 2019	10	25,818	25,828
Total comprehensive income for the period			
Results for the period	-	17,640	17,640
Total comprehensive income for the period	-	17,640	17,640
Transactions with owners of the Company			
Proceeds from the issue of shares	-	-	-
	-	-	-
Balance at 31 December 2019	10	43,458	43,468
Balance at the beginning	-	-	-
Total comprehensive income for the period			
Results for the period	-	33,059	33,059
Total comprehensive income for the period	-	33,059	33,059
Transactions with owners of the Company			
Proceeds from the issue of shares	10	-	10
	10	-	10
Balance at 31 December 2018	10	33,059	33,069

The notes on pages 14 to 37 form an integral part of these financial statements.

E.S.L.A. PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	12 Months to Dec 2019 GH¢'000	15 Months to Dec 2018 GH¢'000
Cash flows from operating activities			
Results after tax		17,640	33,059
Adjustment for:			
Income tax expense	9	6,019	11,019
Interest income		(21,738)	(14,191)
Interest expense		10	-
Impairment charge (expected credit loss)		416	-
Amortisation of cash premium		(2,347)	(2,697)
		-	27,190
Administration expenses paid		(6,183)	(5,716)
Interest paid		(1,105,504)	(1,043,334)
Tax paid	9	(16,669)	(2,495)
Net cash generated from operating activities		(1,128,356)	(1,024,355)
Cash flows from investing activities			
Net interest received		26,020	9,898
Net cash generated from investing activities		26,020	9,898
Cash flows from financing activities			
Proceeds from the issue of shares	14	-	10
Cash proceeds from bonds issued		351,071	1,745,050
ESLA levies collected	5	1,687,868	1,633,439
Novated loans repaid		(336,763)	(1,533,513)
Bond issuing costs		(11,070)	(65,593)
Bond premium		-	23,528
Bond Buyback		(459,048)	(230,034)
Net cash generated from financing activities		1,232,058	1,572,887
Net increase in cash and cash equivalents		129,722	558,430
Cash and cash equivalents at beginning		558,430	-
Cash and cash equivalents at 31 December	6	688,152	558,430

The notes on pages 14 to 37 form an integral part of these financial statements.

1. REPORTING ENTITY

E.S.L.A. Plc is a public limited liability company incorporated and domiciled in Ghana. The address of its registered office is Ocean House, 13 Yiyiwa Drive Abelenkpe, Accra. The company was established to among others issue debt securities to refinance Ghana's energy sector debt.

2. BASIS OF PREPARATION

a. Statement of compliance

The financial statements of E.S.L.A. Plc have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 2019 (Act 992).

This is the first set of the Company's annual financial statements in which IFRS 15 Revenue from Contracts with customers and IFRS 9 Financial Instruments have been applied. Changes to the significant accounting policies are described in Note 3.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis.

c. Functional and presentation currency

The financial statements are presented in Ghana cedis (GH¢) which is the company's functional currency. Except otherwise indicated, the financial information presented has been rounded to the nearest thousand.

d. Use of judgement and estimates

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in notes 4 and 20.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies out below have been applied consistently to all periods presented in these financial statements by the company with the exception of those highlighted under the section labelled changes in accounting policies.

CHANGES IN ACCOUNTING POLICIES

The Company has initially applied IFRS 15 and IFRS 9 (see note 2 (a)) from 1 January 2019. A number of other new standards are also effective from 1 January 2019, but they do not have a material impact on the Company's financial statements.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

The effect of initially applying IFRS 9 is mainly attributed to an increase in impairment loss recognised on financial assets.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2019). Accordingly, the information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 18 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

There was no material impact of transition to IFRS 15 on retained earnings at 1 January 2019. There was no material impact on the Company's statement of cash flows, Company's statement of financial position as at 31 December 2019 and its statement of comprehensive income for the year then ended.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. There were no impairment losses for the period ended 31 December 2018 and therefore the Company did not need to reclassify any impairment losses recognised under IAS 39, from general and administrative expenses to impairment loss on financial assets in the statement of comprehensive income for the period ended 31 December 2018.

Additionally, the Company has adopted consequential amendments to IFRS 9 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

E.S.L.A. PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

IFRS 9 Financial Instruments (cont'd)

The information below summarises the impact of transition to IFRS 9 on the opening balance of reserves and retained earnings.

Impact of adopting IFRS 9 on opening balance

Retained earnings	**GH¢'000**
Recognition of expected credit losses under IFRS 9	**(7,241)**
Impact at 1 January 2019	**(7,241)**

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities

The table below and accompanying notes, explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2019:

Financial assets	**Note**	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39 (GH¢000)**	**New carrying amount under IFRS 9 (GH¢000)**
E.S.L.A. Receivables	5	Loans and Receivables	Amortised cost	5,082,810	5,075,697
Other receivables	7	Loans and receivables	Amortised cost	4,293	4,293
Cash and cash equivalents	19	Loans and receivables	Amortised cost	558,430	558,302
Total financial assets				**5,645,533**	**5,638,292**
Financial liabilities					
Bonds payable	8	Other financial liabilities	Other financial liabilities	5,384,967	5,384,967
Loans and borrowings	10	Other financial liabilities	Other financial liabilities	195,691	195,691
Other payables payables	11	Other financial liabilities	Other financial liabilities	1,048	1,048
Total financial liabilities				**5,581,706**	**5,581,706**

IFRS 9 Financial Instruments (cont'd)

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at 1 January 2019 results in an additional allowance for impairment as follows:

Impairment of financial assets (cont'd)

	GH¢'000
Loss allowance at 31 December 2018 under IAS 39	-
Additional impairment recognised at 1 January 2019 on Financial assets	7,241
Loss allowance at 1 January 2019 under IFRS 9	7,241

SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency (GH¢) of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates prevailing on the reporting date.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognised in profit or loss and are reported on a net basis under selling, general and administrative expenses or other income.

(b) Financial Instruments

i. ***Recognition and initial measurement***

The Company initially recognises E.S.L.A. Receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a receivable without a significant financing component) or financial liability is initially measured at fair values plus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(b) Financial Instruments (cont'd)

ii. Classification and subsequent measurement

a. Financial assets - Policy applicable from 1 January 2019

Classification

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.
Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Business model assessment

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the company's continuing recognition of the assets.
Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs {e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the company considers contingent events that would change the amount or timing of cash flows.

(b) Financial Instruments (cont'd)

Subsequent measurement and gains and losses:

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

b. Financial assets - Policy applicable before 1 January 2019

Classification

The company classified its financial assets into the loans and receivables category

Subsequent measurement and gains and losses:

Loans and receivables comprise cash and cash equivalents, E.S.L.A. Receivables, and other receivables. Loans and receivables were initially measured at fair value plus any directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method less any impairment losses.

c. Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as other financial liabilities and measured at amortised cost. using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Non-derivative financial liabilities include bonds payable, interest payable and other payables.

iii. ***Derecognition***

The company derecognises a financial asset when the contractual rights to cash flows from the asset expire, or when the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred, or it neither transfèrs nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.
Any interest in such derecognised financial assets that is created or retained by the company is recognised as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognized in profit or loss.

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.The company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

iv. ***Offsetting***

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.
Income and expenses are presented on a net basis when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

(b) Financial Instruments (cont'd)

Impairment

(i) Financial assets

Policy applicable before 1 January 2019

(a) Assets carried at amortised costs

Financial assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers and economic conditions that correlate with defaults.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of estimated future cash flows discounted at the original effective interest rate.

The Company considers evidence of impairment of these assets both on an individual and collective basis. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred and make adjustments if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested historical trends.

All impairment losses are recognised in profit or loss and reflected in an allowance account. Interest on the impaired asset continues to be recognised. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Policy applicable from 1 January 2019

(a) Assets carried at amortised costs

The company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

The company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

(b) Financial Instruments (cont'd)

Impairment policy applicable from 1 January 2019 (Cont'd)

Loss allowances for financial assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company assumes that the credit risk on a financial asset has increased significantly if it is more than 182 days past due for its open market customers and more than 365 days for its institutional customers.

The company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the company in full due to bankruptcy
- there are adverse changes in the payment status of debtors

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

b) Financial Instruments (cont'd)

Impairment policy applicable from 1 January 2019 (Cont'd)

Write-off

The gross carrying amount of a financial asset is written off when the company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedure for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and risks specific to the asset.

A previously recognised impairment loss is reversed where there has been a change in circumstances or in the basis of estimation used to determine the recoverable value, but only to the extent that the asset's net carrying amount does not exceed the carrying amount of the asset that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

(c) Revenue

The company's funds are derived from taxes levied on the sale of petrol, diesel, marine gas oil, residual fuel oil, liquefied petroleum gas, kerosene, and electricity. The collections from ESLA funds are used to reduce ESLA receivables arising from settlement of legacy debts that were novated to ESLA Plc. The assignment of ESLA funds to settle future interest costs incurred on the ESLA Bonds issued and administrative expenses is considered as a government grant in accordance with IAS 20 Government Grants.

Revenue is recognized on:

i the assignment of ESLA funds towards the payment of interest accrued on the bonds issued and administrative expenses incurred;

ii. Interest Income from investments

Revenue is recognised to the extent that the economic benefit will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

(d) Interest income and expense

Interest income comprises interest income on funds invested. Interest expense comprise interest expense on bonds issued. Interest income and expense for all interest-bearing/earning financial instruments are recognised in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payment or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

The calculation includes all transaction costs, fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(e) Taxation

Tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on taxable incomes or losses for the period and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised simultaneously.

(f) Post balance sheet events

Events subsequent to the reporting date are reflected in the financial statements only to the extent that they relate to the period under consideration and the effect is material.

(g) Earnings per share

The company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, from the date of acquisition that are subject to an insignificant risk of changes in their fair values and are used in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(i) Share capital

Proceeds from issue of ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(j) New Standards and Interpretations not yet adopted

There are new or revised Accounting Standards and Interpretations in issue that are not yet effective for the year ended 31 December 2019, and have not been applied in preparing, these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated.

Standard/Interpretation		**Effective date Periods beginning on or after**
Conceptual Framework	Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020
IAS 1 and IAS 8	*Definition of Material*	1 January 2020

a. Amendments to References to Conceptual Framework in IFRS Standards

The IASB revised the Conceptual Framework because certain important issues were not covered, and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

(j) New Standards and Interpretations not yet adopted (cont'd)

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. It is not expected that this will impact the Company significantly.

b. Definition of Material (Amendments to IAS 1 and IAS 8)

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework. The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments; Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." It is not expected that this will impact the Company significantly.

4. DETERMINATION OF FAIR VALUES

A number of the company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) E.S.L.A. receivables and other receivables

The fair value of E.S.L.A. receivables and other receivables is estimated as the present value of future cash flows, discounted at the current market rate of instruments with similar credit risk profile and maturity at the reporting date. Receivables due within 6-month period are not discounted as their carrying values approximate their fair values.

(ii) Cash and cash equivalents

The fair value of cash and cash equivalent approximate their carrying values.

(iii) Bond and other payables

The fair value of bonds and other payables is estimated as the present value of future cash flows, discounted at the current market rate of instruments with similar credit risk profile and maturity at the reporting date. Payables due within 6-month period are not discounted as their carrying values approximate their fair values.

Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued sing: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

5. E.S.L.A. RECEIVABLES

These are levies expected to be collected under the energy sector levy act to refinance the energy sector debt. The E.S.L.A receivables is to support the payment of debt securities and its related expenses as and when they fall due.

	2019 GH¢'000	2018 GH¢'000
Balance at beginning of period	5,082,810	-
Net assigned E.S.LA. receivables on novated debt	986,361	5,437,373
Collections during the period	(1,687,868)	(1,633,439)
Interest expense accrued/paid	1,086,255	1,270,709
Impairment charge (expected credit loss)	(7,657)	-
Collections transferred to deposit towards expenses	8,439	8,167
	5,468,340	5,082,810
Current	1,687,868	1,306,751
Non-current	3,780,472	3,776,059
	5,468,340	5,082,810

6. CASH AND CASH EQUIVALENTS

	2019 GH¢'000	2018 GH¢'000
Cash at bank	688,152	466,359
Investment in treasury bills	-	92,071
	688,152	558,430

In accordance with the company's policies which have also been documented in the bond issuance prospectus, the company transferred levy collections in excess of coupon payments made to its lockbox account, which was set up for the purpose of funding any early redemption of bonds and for liability management. The balance currently outstanding on the lock box account is GH¢68,429,283.

7. OTHER RECEIVABLES

	2019 GH¢'000	2018 GH¢'000
Accrued interest on lockbox investments	-	4,293
Withholding tax deductions **	2,495	2,495
Prepayment	339	-
	2,834	6,788

**This represents withholding tax deducted from the company for which tax credit certificates had not been received from the Ghana Revenue Authority (GRA) at 31 December 2018. They will be credited to the company's tax account after the GRA confirms these amounts through a tax audit.

8. BONDS PAYABLE

(a) Face Value of Securities issued

Between November 2017 and December 2019, the company issued the following bonds to refinance Ghana's energy sector debts.

	2019 GH¢'000	2018 GH¢'000
Balance at beginning of period	5,664,721	-
7-year bond - November 2017/2024	(149,059)	2,408,626
10-year bond - November 2017/2027	(297,395)	2,375,348
10 year bond retap - January 2018/2027	-	615,948
10 year bond retap - August 2018/2027	(218,267)	264,799
10 year bond retap – June 2019/2029	1,000,000	-
	6,000,000	5,664,721

8. BONDS PAYABLE (CONT'D)

(b) Amortised Cost of Securities issued

	2019 GH¢'000	2018 GH¢'000
Balance at beginning of period	5,384,967	-
Total bonds issued	1,000,000	5,664,721
Issuance cost on bonds	(11,070)	(65,593)
Amortised issuance cost	4,241	4,171
Bond buy-backs	(446,453)	(218,267)
Un/(amortised) cost on buybacks	7,023	(65)
	5,938,708	5,384,967

The Company has issued bonds amounting to GH¢0.43 billion in January 2020 and expects to issue the remaining GH¢ 3.57 billion as part of its bond program. These issuances will have associated listing and issuance approval fees.

As part of its liability management program, the Company purchased some of the bonds issued on the open market during the year under review to give headroom for the issuance of an additional GH¢1 billion in June 2019.

The debt securities are backed by receivables collected under the Energy Sector Levy Act, assigned to the Company by the Government of Ghana acting through the Ministry of Finance.

The Company measures its bonds at amortised cost using the effective interest method.

9. TAXATION

	2019 GH¢'000	2018 GH¢'000
(i) Income tax expense	6.019	11.019

(ii) Taxation payable

2019	Balance at 1/1/19 GH¢'000	Payments during the year GH¢'000	Charged to P/L account GH¢'000	Balance at 31/12/19 GH¢'000
Income Tax				
2019	11,019	(16,669)	6,019	369

2018	Balance at 1/9/17 GH¢'000	Payments during the period GH¢'000	Charged to P/L account GH¢'000	Balance at 31/12/18 GH¢'000
Income Tax				
2018	-	-	11,019	11,019

Income tax liabilities are subject to the agreement of the tax authorities.

(iii) Deferred taxation

No provision has been made for deferred taxes.

(iv) Reconciliation of effective tax rate

	2019 GH¢'000	2018 GH¢'000
Profit before taxation	23,659	44,078
Income tax using the domestic tax rate (25%)	5,915	11,019
Income not taxable	-	-
Non-deductible expenses	104	-
Income tax charge	6,019	11,019
Effective tax rate	25.4%	25%

10. BOND INTEREST PAYABLE

Interest payable	153,252	195,691

11. OTHER PAYABLES

	2019 GH¢'000	2018 GH¢'000
Accrued expenses and other liabilities	1,404	1,048
	====	====

12. DEPOSITS TOWARDS EXPENSES

This represents the unutilised portion of the 0.5% of levy collections allocated for administrative expenses incurred in the operations of the company. These are recognized in the income statement as the expenses are incurred.

13. DEFERRED INCOME

	2019 GH¢'000	2018 GH¢'000
Unamortised portion of bond premium	18,484	20,831
	=====	=====

14. STATED CAPITAL AND RESERVES

Share capital (Stated capital)

Share capital is made up of proceeds of ordinary shares.

(a) *Ordinary shares*

	No of Shares 2019	Proceeds 2019 GH¢'000
Authorised:		
Ordinary shares of no par value	1,000,000	10
	=======	==
Issued and fully paid for cash	1,000,000	10
	=======	==

	No of Shares 2018	Proceeds 2018 GH¢'000
Authorised:		
Ordinary shares of no par value	1,000,000	10
	=======	==
Issued and fully paid for cash	1,000,000	10
	=======	==

Share capital (Stated capital) (Cont'd)

(a) *Ordinary shares*

The holders of the ordinary shares are appointed as nominee shareholders acting on behalf of the Government of Ghana and are not entitled to any dividend. Nominee shareholders are paid for services provided to the Company.

(b) *Shares in treasury*

There are no shares in treasury and no call or instalment unpaid on any share.

(c) *Retained earnings (Income surplus account)*

This represents the residual of cumulative annual results.

15. INTEREST EXPENSE

	2019 GH¢'000	2018 GH¢'000
Interest expense incurred on bonds	1,086,255	1,243,131

16. ADMINISTRATIVE EXPENSES

Audit fees	132	118
Legal and Professional expenses	4,478	4,999
VAT expenses	836	911
Directors fees	250	313
Listing fees	505	424
	6,201	6,765

17. OTHER INCOME

Amortised portion of bond premium	2,347	2,697
Interest on lockbox	21,738	14,190
Other income**	-	27,218
	24,085	44,105

** This represents income earned on bills accepted in settlement for bonds issued.

18. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted-average number of ordinary shares in issue.

	2019 GH¢'000	2018 GH¢'000
Profit attributable to equity holders of the Company	17,640	33,059

	2019 GH¢'000	2018 GH¢'000
Number of ordinary Shares in issue	1,000,000	1,000,000
Basic earnings per share (expressed in GH¢ per share)	17.64	33.06

19. RELATED PARTY TRANSACTIONS

National Trustee Holding Company (NTHC) Limited has been appointed as a nominee shareholder to hold all the shares in the company. At the reporting date, there had not been any transaction between the company and NTHC Limited except for the issuance of shares and payment thereof, as well as the payment of Nominee shareholder fees which are reimbursable from ESLA levy collections assigned to the company.

There were no transactions between the company and its Directors save for the payment of directors' fees.

20. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK ASSESSMENT

(a) Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2019	Loans and Receivables GH¢'000	Other Financial Liabilities GH¢'000	Total GH¢'000
Financial assets not measured at fair value			
E.S.L.A. receivables	5,468,340	-	5,468,340
Cash and cash equivalents	688,152	-	688,152
	6,156,492	-	6,156,492

(a) **Accounting classification and fair values (Cont'd)**

	Loans and Receivables GH¢'000	Other Financial Liabilities GH¢'000	Total GH¢'000
Financial liabilities not measured at fair value			
Bonds payable	5,938,708	-	5,938,708
Bond interest payable	153,252	-	153,252
Other payables	1,404	-	1,404
	6,093,364	-	6,093,364

31 December 2018

	Loans and Receivables GH¢'000	Other Financial Liabilities GH¢'000	Total GH¢'000
Financial assets not measured at fair value			
E.S.L.A. receivables	5,082,810	-	5,082,810
Cash and cash equivalents	558,430	-	558,430
Other receivables**	4,293	-	4,293
	5,645,533	-	5,645,533
Financial liabilities not measured at fair value			
Bonds payable	5,384,967	-	5,384,967
Bond interest payable	195,691	-	195,691
Other payables	1,048	-	1,048
	5,581,706	-	5,581,706

The fair value of bonds payable which is recognized in the level 1 category of the fair value hierarchy at 31 December 2019 was GH¢5,934,615,066 (2018 GH¢5,295,066,487).

** Withholding tax component of other receivables, which are not considered as financial assets, have been excluded.

(b) **Financial Risk Management**

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risks

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2019 GH¢'000	2018 GH¢'000
E.S.L.A. receivables	5,475,997	5,082,810
Provision for credit risk loss	(7,656)	-
Cash and cash equivalents	668,152	558,430
Other receivables**	2,833	4,293
	6,159,326	5,645,533

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty.

The Company establishes an allowance for impairment losses that represents its estimate of expected credit losses in respect of financial assets.

The company has not incurred any losses in respect of any of its financial assets and therefore the expected loss raised in respect of any of its financial assets is considered adequate. Further details are as follows:

E.S.L.A. receivables

The company has been assigned ESLA levies for the purpose of settling the E.S.L.A. receivables. This assignment has been in operation from October 2017 and will be in existence until all receivables have been settled. The company has been receiving collections as indicated in these financial statements and therefore an expected loss based on the minimal credit risk has been raised on this amount.

Cash and cash equivalents and other receivables

The company's bank balances are held with Standard Chartered Bank Ghana Limited and Fidelity Bank Ghana Limited. The company considers these banks to be credit worthy banks which are regulated by the Bank of Ghana. Its lockbox investments are also made only in short term government securities which are considered to be risk free and therefore no impairments have been raised on the bank balances, with an expected loss made on the accrued interest based on the minimal credit risk.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under normal conditions.

The following are contractual maturities of financial liabilities:

31 December 2019

	Carrying amount GH¢'000	Contractual cash flows GH¢'000	6 months or less GH¢'000	Over 6 months GH¢'000
Non-derivative financial liability				
Bonds payable	5,938,708	6,000,000	-	6,000,000
Bond interest payable	153,252	106,795	106,795	-
Other payables	1,404	1,404	1,404	-
Balance as at 31 December 2019	6,093,364	6,108,199	108,199	6,000,000

31 December 2018

	Carrying amount GH¢'000	Contractual cash flows GH¢'000	6 months or less GH¢'000	Over 6 months GH¢'000
Non-derivative financial liability				
Bonds payable	5,384,967	5,446,453	-	5,446,453
Bond interest payable	195,691	164,987	164,987	-
Other payables	1,048	1,048	1,048	-
Balance as at 31 December 2018	5,581,706	5,612,488	166,035	5,446,453

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates may cause a decrease in fair values of future cash flows of financial instruments and consequently result in a financial loss for the Company.

Foreign currency risk

At the period end the company does not have balances that are denominated in a currency other than the functional currency of the Company, and therefore is not exposed to foreign currency risk.

Interest rate risk

At the reporting date, the profile of the Company's interest-bearing/earning financial instruments comprised the following financial instruments:

	Carrying amounts	
	2019	**2018**
	GH¢'000	**GH¢'000**
Fixed rate instruments		
Lockbox investments	-	94,342
Bonds payable	(5,938,708)	(5,384,967)
	(5,938,708)	(5,290,625)

	Carrying amounts	
	2019	**2018**
	GH¢'000	**GH¢'000**
Variable rate instruments		
Lockbox investments	68,429	206,343
	68,429	206,343

Sensitivity analysis for variable rate instruments

A 200 basis points increase in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular foreign currency rates remain constant.

As of 31 December	2019		
in GH¢'000	% Change	Profit or loss/ equity impact: Strengthening GH¢'000	Profit or loss/ equity impact: Weakening GH¢'000
Lockbox investments	+/-2	1,369	(1,369)
As of 31 December	**2018**		
in GH¢'000	% Change	Profit or loss/ equity impact: Strengthening GH¢'000	Profit or loss/ equity impact: Weakening GH¢'000
Lockbox investments	+/-2	4,124	(4,124)

Fair value sensitivity analysis for fixed rate instrument

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

21. CAPITAL COMMITMENTS

There were no capital commitments at the reporting date.

22. CONTINGENT LIABILITIES

There were no contingent liabilities at the reporting date.

23. EVENTS AFTER THE REPORTING PERIOD

Subsequent to December 31, 2019, following the global outbreak of COVID-19, the Government of Ghana has declared a partial lock down for an initial period of three weeks to reduce the spread and improve contact tracing.

As at the date of the approval of the financial statements, the company was in the process of assessing the impact, if any, of COVID-19 on its operations. Meanwhile, in accordance with the terms of the bond prospectus, the company has secured enough funds for the payment of its next coupon payments in April, June and July 2020. A total of GHS 581,323,382.66 has been transferred from the Debt Service Account (DSRA) Bank to the paying bank.

The company has received levies collected (in its receivable account towards servicing the bond programme) amounting to GHS 443,629,466.59 for the current year to March 2020.

Funds held in excess of the coupon payments of approximately GHS 132 Million have been transferred to the lock box account and invested. These will be utilised for future principal/coupon settlements/redemptions.