

WEST AFRICAN POWER POOL (WAPP)

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**



WEST AFRICAN POWER POOL
For the year ended 31 December 2019

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WEST AFRICAN POWER POOL
For the year ended 31 December 2019

GENERAL INFORMATION

**Executive Board
Members**

Sule Ahmed ABDULAZIZ	Chairman, appointed in June 2020
Usman Gur MOHAMMED	Chairman, retired in June 2020
Amidou TRAORE	Vice-Chairman
Siengui A. KI	Secretary General
Karimou CHABI SIKI	Member
Abdenbi ATTOU	Member, retired in February 2020
Jonathan AMOAKO-BAAH	Member
Laurent TOSSOU	Member, retired in November 2019
Papa Mademba BITEYE	Member
Tamsir NDIAYE	Member
Baba Ahmed COULIBALY	Member
Emmanuel ANTWI-DARKWA	Member
Joseph O. MAKOU	Honorary Member
Mawussi KAKATSI	Member, retired in November 2019
Victor ONOJA	Member, retired in November 2019
Joe Lahai SORMANA	Member, retired in November 2019
Lamu AUDU	Member, appointed in November 2019
Osmani Aliduba AYUBA	Member, appointed in November 2019
Boubacar KEITA	Member, appointed in November 2019
Jacques PARADIS	Member, appointed in November 2019
Bangaly MATY	Member, appointed in February 2020

WAPP Secretariat

West African Power Pool
06 BP 2907 Cotonou
République du Bénin

Auditor

PricewaterhouseCoopers
Chartered Accountants
PwC Tower
A4 Rangoon Lane,
Cantonment City
Accra-Ghana

Bankers

NSIA Bank, Bénin
Ecobank, Bénin

REPORT OF THE EXECUTIVE BOARD

The Executive Board has the pleasure in submitting its report and the audited financial statements of the West African Power Pool (WAPP) for the year ended 31 December 2019.

Statement of Executive Board's responsibilities

The Executive Board is responsible for the preparation of financial statements for each financial year which gives a true and fair view of the state of affairs of the Organisation and of the surplus or deficit and cash flows for that year. In preparing these financial statements, the Executive Board has selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Public Sector Accounting Standards (IPSAS).

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

Going Concern

The Executive Board has made an assessment of the Organisation's ability to continue as a going concern and have no reason to believe the Organisation will not be a going concern.

Principal activities

The principal activities of the Organisation are stated on page 10 of this report.

Financial results

The Statement of Financial Performance on page 6 shows a surplus of UA 321,728 (2018: UA 8,851 surplus) which has been transferred to accumulated fund.

Corporate social initiatives

There was no expenditure towards corporate social initiatives during the year.

Executive Board's professional development and training

The Board is kept abreast of applicable legislation and regulation, changes to rules, standards and codes, as well as relevant sector developments that could affect the Institution and its operations.

WEST AFRICAN POWER POOL
Annual Report
For the year ended 31 December 2019

REPORT OF EXECUTIVE BOARD (Cont'd)

Auditor

The auditor, PricewaterhouseCoopers has expressed willingness to continue in office as auditor of the Organisation.

BY ORDER OF THE EXECUTIVE BOARD:

Name: Siengui A. KI

Position: SECRETARY GENERAL

Signature:

30/11/2020



Name: Engr. Sule Ahmed Abdulqziz

Position: CHAIRMAN

Signature:

30/11/2020



INDEPENDENT AUDITOR'S REPORT TO THE EXECUTIVE BOARD OF THE WEST AFRICAN POWER POOL

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the West African Power Pool (WAPP) (the "Organisation") as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

What we have audited

We have audited the financial statements of the West African Power Pool for the year ended 31 December 2019.

The financial statements comprise:

- the statement of financial position as at 31 December 2019;
- the statement of financial performance for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Organisation in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants.. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The Executive Board is responsible for the other information. The other information comprises the Report of the Executive Board and the corporate information but does not include the financial statements and our auditor's report thereon.

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

INDEPENDENT AUDITOR'S REPORT TO THE EXECUTIVE BOARD OF THE WEST AFRICAN POWER POOL

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Other information

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Board for the financial statements

The Executive Board is responsible for the preparation of financial statements that give a true and fair view in accordance with International Public Sector Accounting Standards (IPSAS) and for such internal control as the Executive Board determines 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 Executive Board is responsible for assessing the Organisation'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 Executive Board intends to cease operations, or have no realistic alternative but to do so.

The Executive Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

**INDEPENDENT AUDITOR'S REPORT
TO THE EXECUTIVE BOARD OF THE WEST AFRICAN POWER POOL**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

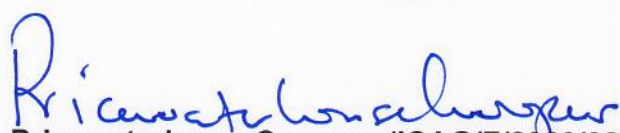
Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board;
- Conclude on the appropriateness of the Executive Board'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 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 Organisation to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The engagement partner on the audit resulting in this independent auditor's report is Hayfron Aboagye (ICAG/P/1502).


PricewaterhouseCoopers (ICAG/F/2020/028)
Chartered Accountants
Accra, Ghana
9 December 2020



WEST AFRICAN POWER POOL
Financial Statements
For the year ended 31 December 2019

STATEMENT OF FINANCIAL PERFORMANCE

(All amounts are expressed in UA unless otherwise stated)

		<u>Year ended 31 December</u>	
	Note	2019	2018
Revenue			
Revenue from exchange transactions	3	5,414,970	4,740,713
Revenue from non-exchange transactions	4	<u>9,186</u>	<u>163,055</u>
Total Revenue		<u>5,424,156</u>	<u>4,903,768</u>
Expenses			
Personnel expenses	5	2,488,929	2,342,584
General expenses	6	614,244	423,733
Administrative expenses	7	817,608	803,709
Executive Board and Committee Meetings	8	<u>465,879</u>	<u>619,169</u>
Expenses before depreciation and impairment charge		<u>4,386,660</u>	<u>4,189,195</u>
Add: Depreciation charge for the period	9a	65,718	53,393
Add: Impairment charge	10	<u>400,236</u>	<u>241,937</u>
Total expenses		<u>4,852,614</u>	<u>4,484,525</u>
Net finance expense	11	<u>249,814</u>	<u>410,392</u>
Surplus/(deficit) for the year transferred to accumulated fund		<u>321,728</u>	<u>8,851</u>

The notes on pages 11-28 are an integral part of these financial statements.

WEST AFRICAN POWER POOL
Financial Statements
For the year ended 31 December 2019

STATEMENT OF FINANCIAL POSITION

(All amounts are expressed in UA unless otherwise stated)

		At 31 December	
	Note	2019	2018
Non current assets			
Property, plant and equipment	9a	390,835	343,113
Intangible assets	9b	<u>-</u>	<u>16,916</u>
		<u>390,835</u>	<u>360,029</u>
Current assets			
Cash and bank balances	12	723,886	926,145
Receivables from exchange transactions	13	596,005	164,909
Recoverable from non-exchange transactions	14	650,847	491,806
Prepayments	15	<u>29,040</u>	<u>31,721</u>
		<u>1,999,778</u>	<u>1,614,581</u>
Total assets		<u>2,390,613</u>	<u>1,974,610</u>
Current Liabilities			
Accounts payable	16	443,507	<u>298,373</u>
Non current liabilities			
Separation provision	17	<u>31,409</u>	<u>82,268</u>
Total liabilities		<u>474,916</u>	<u>380,641</u>
Net assets		<u>1,915,697</u>	<u>1,593,969</u>
Represented by:			
Accumulated Fund		<u>1,915,697</u>	<u>1,593,969</u>

The financial statements on pages 7 to 28 were approved by the Executive Board on 30/11/2020 and signed on their behalf by:

Name: Sengui A. KI

Name: Eng Sule Ahmed Abdulaziz

Position: SECRETARY GENERAL

Position: CHAIRMAN

Signature:

30/11/2020



Signature:

30/11/2020



WEST AFRICAN POWER POOL
Financial Statements
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STATEMENT OF CHANGES IN NET ASSETS

(All amounts are expressed in UA unless otherwise stated)

Year ended December 31, 2019

Accumulated fund

Balance at January 1, 2019	1,593,969
Surplus for the year	<u>321,728</u>
Balance at December 31, 2019	<u>1,915,697</u>

Year ended December 31, 2018

Balance at January 1, 2018	1,585,118
Surplus for the year	<u>8,851</u>
Balance at December 31, 2018	<u>1,593,969</u>

WEST AFRICAN POWER POOL
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STATEMENT OF CASH FLOWS

(All amounts are expressed in UA unless otherwise stated)

		<u>Year ended 31 December</u>	
	Note	2019	2018
Cash flows from operating activities			
Cash used in/(generated from) operations	18	(88,819)	<u>(170,365)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	9a	<u>(113,440)</u>	<u>-</u>
Net cash used in investing activities		<u>(113,440)</u>	<u>-</u>
Decrease in cash and cash equivalents		<u>(202,259)</u>	<u>(170,365)</u>
Movement in cash and cash equivalents			
Balance at beginning of year		926,145	1,096,510
Decrease in the year		<u>(202,259)</u>	<u>(170,365)</u>
Balance at end of year	12	<u>723,886</u>	<u>926,145</u>

NOTES

1. General and legal information

The West African Power Pool is a specialised institution of ECOWAS headquartered in the Republic of Benin.

The West African Power Pool (WAPP) was created by Decision A/DEC.5/12/99 during the 22nd Summit of the Authority of ECOWAS Heads of State and Government in order to address the issue of power supply deficiency within West Africa. The 29th Summit of the Authority of ECOWAS Heads of State and Government held in Niamey January 2006, adopted the Articles of Agreement establishing the new WAPP Organisation by Decision A/DEC.18/01/06. The new Organisation began actual operations in July 2006.

WAPP's mandate is to ensure the establishment of a Regional Electricity Market in West Africa in order to provide the citizens of the Community with increased access to stable and reliable electricity supply at competitive costs.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements of WAPP have been in accordance with International Public Sector Accounting Standards (IPSAS). The measurement base applied is historical cost adjusted for revaluations of assets.

In the absence of an International Public Sector Accounting Standard that specifically applies to a transaction, other event or condition, management uses its judgement in developing and applying an accounting policy that results in information that is relevant to the decision-making needs of users that the financial statements:

- (i) represent faithfully the financial position, financial performance and cash flows of the entity;
- (ii) reflect the economic substance of transactions, other events and conditions and not merely the legal form;
- (iii) are neutral, i.e., free from bias;
- (iv) are prudent; and
- (v) are complete in all material respects.

The policies have been consistently applied to all years presented.

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires Executive Board to exercise judgement in the process of applying the institution's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed appropriately.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

2.2 Adoption of newly published standards and interpretations and revised reporting standards and interpretations

a. *New standards and amendments not applicable to the Institution*

IPSAS 40, Public Sector Combinations

IPSAS 40, 'Public Sector Combinations' was issued by the International Public Sector Accounting Standards Board (IPSASB) in January 2017. The objective of the standard is to improve the relevance, faithful representation and comparability of the information that a reporting entity provides in its financial statements about a public sector combination and its effects. This standard is effective for financial statements beginning on or after 1 January 2019 and was not applicable the Institution in preparing its IPSAS financial statements for the year ended 31 December 2019.

b. *Standards issued but not yet effective*

IPSAS 36 (Amended), Long Term interest in Associates and Joint Ventures

Long-term Interests in Associates and Joint Ventures (Amendments to IPSAS 36) was issued in January 2019 by International Public Sector Accounting Standards Board (IPSASB). The objective is to make amendments to IPSAS to converge with the narrow-scope amendments to IAS 28, Investments in Associates and Joint Ventures, made by the IASB in Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) (issued October 2017). An entity shall apply these amendments retrospectively in accordance with IPSAS 3, Accounting Policies, Changes in Accounting Estimates and Errors, for annual financial statements covering periods beginning on or after 1 January 2022 with an option for earlier adoption and have not been applied by the Institution in preparing its IPSAS financial statements for the year ended 31 December 2019.

IPSAS 41, Financial Instruments

IPSAS 41 'Financial Instruments' was issued by the International Public Sector Accounting Standards Board (IPSASB) in August 2018. The standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. This standard is effective for financial statements beginning on or after 01 January 2022 and have not been applied by the Institution in preparing its IPSAS financial statements for the year ended 31 December 2019.

IPSAS 42, Social Benefits

IPSAS 42 'Social Benefits' was issued by the International Public Sector Accounting Standards Board (IPSASB) in January 2019. The standard provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. This standard is effective for financial statements beginning on or after 01 January 2022 and have not been applied by the Institution in preparing its IPSAS financial statements for the year ended 31 December 2019.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

2.3 Foreign currencies translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Organisation operates (the functional currency which is FCFA). The financial statements are presented in Unit of Account (UA) which is the presentation currency of WAPP.

(b) Transactions and balances

Transactions during the period are translated into the presentation currency, Unit of Account (UA) using rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into UA at the rates of exchange ruling at that date. Gains or losses realised or incurred are recognised in the statement of financial performance.

2.4 Financial instruments

Financial assets and liabilities are recognized by WAPP when the Organisation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired, have been waived or have been transferred and the Organisation has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, waived, cancelled or expired. Financial assets and financial liabilities are initially recognised at fair value.

(i) Classification

Financial assets and liabilities have been recognised in the statement of financial position and measured in accordance with their classification. The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. At initial recognition, the Organisation classifies its financial instruments in the following categories:

Financial assets

Financial assets held at amortised costs: These are assets measured at fair value at initial recognition less principal repayments plus accrued interest, net of any impairment loss. WAPP's financial assets comprise cash at bank, receivables from exchange transactions, recoverable from non-exchange transactions and prepayments and are included in current assets due to their short-term nature. These assets are initially recognized at fair value (the amount expected to be received) plus any transaction cost, and subsequently measured at amortized cost using the effective interest method less any provision for impairment.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

2.4 Financial instruments (continued)

Financial liabilities

WAPP's financial liabilities represent mainly account payables and separation provision. These are initially recognised at fair value (the amount at which the obligation is expected to be settled) including any direct transaction cost and subsequently measured at amortised cost using the effective interest method. WAPP's financial liabilities are classified as current liabilities if payment is within twelve months. Otherwise, they are presented as non-current liabilities.

(ii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(iii) Fair value

As at 31 December 2019, the carrying amounts of financial assets and liabilities held by WAPP approximate their fair values.

2.5 Property, Plant and Equipment

Property, plant and equipment (PPE) are stated at acquisition cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on the straight-line basis at rates estimated to write off the cost of each item over the estimated term of its useful life. A full year's depreciation is charged in the year of acquisition. No depreciation is charged in the year of disposal. The annual rates used for this purpose are as follows:

Computers	25%
Equipment	14.20%
Furniture and Fixtures:	
Residence	33.33%
Office	25%
Vehicles	20%
Building	2.86%

Impairment

The carrying values of PPE are reviewed for impairment if events or changes in circumstances indicate that they may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Any provision for impairment is charged against the Statement of Financial Performance in the year in which the impairment is identified.

NOTES (CONTINUED)

Impairment (continued)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

2.6 Intangible assets

Intangible assets mainly comprise of patented and non-patented technology, know-how and software.

Intangible assets acquired separately are measured on initial recognition at cost.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The carrying values of intangible assets are reviewed for indications of impairment annually, or the events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recovery amount.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the intangible asset (calculated as the difference between the net disposal proceeds and the carrying amount of the intangible asset) is included in surplus or deficit when the intangible asset is derecognised.

Intangible assets with finite lives are amortised over the useful economic life. Useful lives and methods of amortizations are reviewed, adjusted if appropriate, at each financial year-end. The annual rate used for this purpose is as follows:

Software	25%
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2.7 Accounts receivables from exchange transactions

Receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts or losses. Allowance for loss is established based on a review of outstanding amounts at the reporting date in accordance with the below policy developed by the Finance Committee and approved by the Executive Board.

Provision for doubtful debts

Evaluation of the financial situation of all members before setting the applicable percentages below:

- 100% provision for the category of members in financial difficulty with claims (receivables) of two or more years.
- 40% provision for the category of members who have one-year old receivables.
- 20% provision for regular members in the payment of their arrears.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

2.8 Recoverable from non-exchange transactions

Recoverable from non-exchange transactions are recognized at fair value (the amount expected to be received) less any provision for impairment.

2.9 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash in hand and deposits held at call with banks.

2.10 Employee benefits

WAPP's contribution to staff (except the Secretary General) retirement benefit schemes are recognised in the statement of financial performance as the obligation falls due. The scheme consists of a monthly contribution of 17% of employees' basic salary as pension fund by the employer.

WAPP sets aside 25% of the Secretary General's annual salary to cater for his separation payment at the end of his service period. This is recognised in the statements of financial performance annually.

2.11 Provision

Provision for liabilities and charges are recognised when WAPP has a present legal or constructive obligation as a result of a past event, and it is probable that WAPP will be required to settle the obligation. Provisions are measured at managements' best estimate of the expenditure required to settle the obligation at the date of the Statement of Financial Position.

2.12 Leases

Assets leased to or from third parties under agreements, which do not transfer substantially all the risks and rewards of ownership, are classified as operating leases. The Organisation is only involved in operating lease arrangements where it leases its assets to third parties or leases assets from third parties. Rental expense from leased assets of third parties are recognised in the statement of financial performance on a straight-line basis over the period of the lease.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

2.13 Revenue recognition

Revenue from exchange transactions

Contributions from member utilities

Assessed contributions from member utilities are recognised when they are approved by the Executive Board. Unpaid contributions during the period are recognised as receivables after netting off any provisions.

Revenue from non - exchange transactions

Grants from donors

Donor grants are recognized as revenue to the extent they are used to meet expenditures in the reporting period. Unused grant income is recorded as liability (deferred income). Cash donations are recognised as income in the statement of financial performance when received.

2.14 Expenses

Expenses are recognised when the transaction or event causing the expense occurs. The Organisation's expenses consist of personnel expenses, general expenses, administrative expense and executive board and committee meetings expenses.

WEST AFRICAN POWER POOL
Financial Statements
For the year ended 31 December 2019

NOTES (CONTINUED)

(All amounts are expressed in UA unless otherwise stated)

3. Revenue from exchange transactions

Contributions from members

This represents assessed contributions from member utilities approved by the Executive Board. An amount of UA 5,414,970 was recognized at the year ended 31 December 2019 (2018:UA 4,740,713).

4. Revenue from non- exchange transactions

Grants from donors

This represents financial assistance received from donors in cash to support WAPP Secretariat during the year. An amount of UA 9,186 was recognized at the year ended 31 December 2019 (2018:UA 163,055).

5. Personnel expenses

	2019	2018
Staff salaries	1,154,493	1,053,349
Salary for contractors and temporary staff	272,332	290,169
Initial travel and accommodation	5,415	42,386
Educational expenses	273,265	220,517
Other expenses	468,416	483,391
Pension fund contributions and contractors' gratuity	192,062	193,342
Separation provision for SG	20,135	20,135
Medical expenses	28,314	25,463
Training Costs	74,497	13,832
	<u>2,488,929</u>	<u>2,342,584</u>

6. General expenses

	2019	2018
Administration Expenses	99,001	95,343
Repairs and Maintenance	61,997	73,222
Utility Expenses	16,776	17,617
Rent	32,473	35,028
Transportation	85,341	87,720
Audit Fees and expenses	24,130	25,049
Legal fees	237,044	12,631
Consultancy services	2,109	22,764
Software licenses	55,373	27,009
Loss on Disposal of Non-current Asset	-	27,350
	<u>614,244</u>	<u>423,733</u>

WEST AFRICAN POWER POOL
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NOTES (CONTINUED)

(All amounts are expressed in UA unless otherwise stated)

7. Administrative expenses

Public Relations, Publicity and Adverts	44,778	71,996
Postages and Communications	56,610	74,830
Official Missions	593,082	491,308
Conference materials	4,233	943
Linguistic Services	35,159	40,391
Entertainment/ reception/ retreats	77,867	103,364
Recruitment	1,597	630
Technical Coop with International Organizations	4,282	20,247
	<u>817,608</u>	<u>803,709</u>

8. Executive Board and Committee expenses

Executive Board Meetings	245,206	163,453
Engineering and Operating Committee Meetings	73,658	117,925
Strategic Planning and Environmental Committee Meetings	42,939	183,342
Finance Committee Meetings	32,507	118,483
Human Resources and Governance Committee Meetings	71,287	22,843
Distribution and Commercial Committee	282	13,123
	<u>465,879</u>	<u>619,169</u>

9. a. Property, plant and equipment

Year ended 31 December 2019	Computers	Equipment and Furniture	Motor Vehicles	Buildings	Total
Cost					
At 1 January	216,772	108,462	528,062	335,161	1,188,457
Additions	-	-	113,440	-	113,440
Disposals	-	-	-	-	-
At 31 December	<u>216,772</u>	<u>108,462</u>	<u>641,502</u>	<u>335,161</u>	<u>1,301,897</u>
At 1 January	216,772	88,859	463,106	76,607	845,344
Charge for the year	-	6,535	49,607	9,576	65,718
Disposals	-	-	-	-	-
At 31 December	<u>216,772</u>	<u>95,394</u>	<u>512,713</u>	<u>86,183</u>	<u>911,062</u>
Net book amount at 31 December 2019	<u>-</u>	<u>13,068</u>	<u>128,789</u>	<u>248,978</u>	<u>390,835</u>

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NOTES (CONTINUED)

(All amounts are expressed in UA unless otherwise stated)

Year ended 31 December 2018	Computers	Equipment and Furniture	Motor Vehicles	Buildings	Total
Cost					
At 1 January	216,772	108,462	573,646	335,161	1,234,041
Disposals	-	-	(45,584)	-	(45,584)
At 31 December	<u>216,772</u>	<u>108,462</u>	<u>528,062</u>	<u>335,161</u>	<u>1,188,457</u>
Accumulated depreciation					
At 1 January	206,409	82,323	454,420	67,032	810,184
Charge for the year	10,363	6,536	26,919	9,575	53,393
Disposals	-	-	(18,233)	-	(18,233)
At 31 December	<u>216,772</u>	<u>88,859</u>	<u>463,106</u>	<u>76,607</u>	<u>845,344</u>
Net book amount at 31 December 2018	-	<u>19,603</u>	<u>64,956</u>	<u>258,554</u>	<u>343,113</u>

b. Intangible Assets

Intangible assets were fully amortised as at 01 January 2019. Capital work in progress with NBV of UA 16,914 in respect of the partial installation of an electronic filing system and Sun systems upgrade for WAPP was disposed off during the year under review.

10. Impairment charge

This represents provision for member contribution receivables as at each year end. An amount of UA (400,236) was recognized at the year ended 31 December 2019 (2018:UA (241,937)).

11. Net finance expense

	2019	2018
Bank Interest*	(27,780)	(18,606)
Bank charges	5,791	2,312
Exchange rate differences (losses)	<u>271,803</u>	<u>426,686</u>
	<u>249,814</u>	<u>410,392</u>

* Bank interest: This relates to interest earned on the accounts created for the fixed deposits of the Secretary General's separation payment at the end of his service period as well as fixed deposit for payment of staff salaries.

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Financial Statements
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NOTES (CONTINUED)

(All amounts are expressed in UA unless otherwise stated)

12. Cash and bank balances

Cash at bank	720,895	920,233
Cash on hand	<u>2,991</u>	<u>5,912</u>
	<u>723,886</u>	<u>926,145</u>

13. Receivables from exchange transactions

	2019	2018
Members' contribution receivable	2,563,955	2,688,665
Provision for doubtful debts	<u>(1,975,839)</u>	<u>(2,561,029)</u>
	588,116	127,636
Staff advances	<u>7,889</u>	<u>37,273</u>
	<u>596,005</u>	<u>164,909</u>

Following the revocation of the Nigeria Bulk Electricity Trading, GTG Energy Limited and GTS Engineering Services from WAPP membership by the 14th General Assembly, their outstanding receivables balances totalling UA 426,886 were written off during the year.

14. Recoverable from non - exchange transactions

These are expenses incurred on various donor funded projects which are yet to be refunded to WAPP.

Ecowas Guinea Bissau Project	-	5,256
Ecowas Guinea Conakry Project	-	11,013
World Bank Projects	394,764	31,704
North Core	-	11,659
Other Projects	<u>256,083</u>	<u>432,174</u>
	<u>650,847</u>	<u>491,806</u>

15. Prepayment

Insurance	4,719	3,210
Rent	12,251	12,480
Internet	<u>12,070</u>	<u>16,031</u>
	<u>29,040</u>	<u>31,721</u>

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NOTES (CONTINUED)

(All amounts are expressed in UA unless otherwise stated)

16. Accounts payables

Auditors Remuneration	16,680	16,455
Others*	<u>426,826</u>	<u>281,918</u>
	<u>443,507</u>	<u>298,373</u>

* Others: this includes payables to Benin telecom, staff refunds, Omed voyage, Afrivol among others for various services rendered to WAPP.

17. Separation provision

	Note	2019	2018
Balance as at January 1		82,268	55,697
Charge and interest for the year		<u>22,200</u>	<u>26,571</u>
		<u>104,468</u>	<u>82,268</u>
Payment to Secretary General		<u>(73,059)</u>	-
Balance as at 31 December		<u>31,409</u>	<u>82,268</u>

18. Cash generated from operations

Net surplus for the year		321,728	8,851
Adjustments for non-cash items:			
Depreciation of tangible assets and amortisation of intangible assets	9a and 9b	65,719	53,393
Amortisation of capital grant	9c	-	-
Loss on disposal of fixed assets		-	27,350
Capital Work-in-progress written off		16,914	-
Changes in working capital:			
(increase) /Decrease in Receivables from exchange transactions		(431,097)	113,486
(increase) in Recoverable from non-exchange transactions		(159,041)	(233,464)
Decrease in Prepayments		2,681	15,236
Decrease in accounts payables		145,136	(181,788)
Decrease/increase in separation provision		<u>(50,859)</u>	<u>26,571</u>
Cash used in/(generated from) operations		<u>(88,819)</u>	<u>(170,365)</u>

NOTES (CONTINUED)

(All amounts are expressed in UA unless otherwise stated)

19. Related party transactions

a. Directors remuneration

Those in charge of governance for West African Power Pool (WAPP) is the Executive Board as indicated on page 1. Members of the board are entitled to payment of honoraria and other travel related expenses when participating in WAPP meetings or any other WAPP business.

b. Remuneration of key management personnel

Except the Secretary General who is remunerated by the organisation, no other board member received any remuneration or loans other than the above entitlements during the year under review. For the year under review, the Secretary General's total emolument was **UA 91,200** (2018: UA 91,192).

20. Financial risk management

The Organisation's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk.

The Organisation's overall risk management programme focuses on minimising the potential adverse effects on its financial performance. Financial risk management is overseen by the Finance Committee. The Organisation does not hedge any of its risk exposures.

20.1 Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to customers, including outstanding receivables and committed transactions. Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Organisation.

The Organisation's maximum exposure to credit risk at the end of the reporting date is as follows:

	31 December 2019	31 December 2018
	UA	UA
Cash and bank balances	723,886	926,145
Receivables from exchange transactions	596,005	164,909
Recoverable from non-exchange transactions	650,847	491,806
Prepayments	<u>29,040</u>	<u>31,721</u>
	<u>1,999,778</u>	<u>1,614,581</u>

NOTES (CONTINUED)

(All amounts are expressed in UA unless otherwise stated)

WAPP manages its exposure to credit risk by:

- Holding bank balances and short-term deposits (demand deposits) with reputable banking institutions registered in The Republic of Benin; and
- Maintaining credit control procedures over accounts receivable.

The Organisation has no credit risk exposures relating to off balance sheet items.

WAPP does not require any collateral or security to support financial instruments and other receivables it holds due to the low risk associated with the realisation of these instruments.

20.2 Liquidity risk

Liquidity risk is the risk that the Organisation will not be able to meet its financial obligations as they fall due. The Organisation manages liquidity risk by maintaining adequate cash reserves.

20.3 Market risk

The Organisation takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimising the return on risk. The management is responsible for the development of detailed risk management policies and for day-to-day implementation of those policies.

20.3.1 Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The positions of currencies held are monitored on a regular basis. The objective of monitoring the position in foreign currency is to manage foreign exchange risk due to movements in rates.

WAPP operates separate bank accounts in CFA and US\$ currencies. WAPP incurs currency risk as a result of the conversion of foreign currency balances held in these bank accounts to UA at period end. The currency risk associated with this balance is considered minimal and therefore WAPP does not hedge its foreign currency exposure. Foreign currency transactions are translated to UA at exchange rates at the dates of the transactions.

NOTES (CONTINUED)

(All amounts are expressed in UA unless otherwise stated)

20.3.2 Interest rate risk

Interest rate risk is the exposure of current and future earnings to adverse changes in the level of interest rates. The Organisation does not hold any financial instrument subject to interest rate risk.

20.3.3 Price risk

The Organisation does not hold any financial instrument subject to price risk.

21. Capital commitments

There were no capital commitments at 31 December 2019 (2018: nil).

22. Contingent liabilities

The Organisation is involved in some ongoing legal suits at the Court of Justice of the Economic Community of West African States (ECOWAS) in Abuja, with possible financial impact totalling FCFA 473,027,360 in the event of adverse decisions against the Organisation.

NOTES (CONTINUED)

(All amounts are expressed in UA unless otherwise stated)

Presentation of Budget Information in Financial Statements

Basis of reparation

The budget information has been prepared on a cash basis since it is the policy of WAPP to apply the cash basis of accounting for its budgets during the fiscal year.

On the other hand, the financial statements have been prepared on accrual basis of accounting. The accrual basis of accounting is one under which transactions, other events and conditions are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the concept recognises revenue when earned and expenses when incurred.

Key assumptions include:

- Funding available throughout the periods
- Member utilities will pay their contributions regularly

Budget Approval

WAPP's highest decision-making body is the General Assembly which provides the overall strategic direction of the institution and adoption of Executive Board's reports.

The functioning of WAPP is entrusted to the Executive Board whose functions include: "Examination and recommendation to the General Assembly, the entry, exit and re-entry of Members to the Pool, authorisation of major contracts, Approval or revision of the operating and capital budgets and any additional expenditure and approval of audit reports among others. The Executive Board reviews, approves or disapproves actions of the various Organisational Committees of WAPP.

The approval of the Budget by the Executive Board and its adoption at the General Assembly empowers the Secretariat (through the Secretary General), subject to any special conditions to:

- Commit and authorise expenditure and to make all payments to be borne by the Organisation, for the purposes assigned and within the limits of the appropriations and the commitment authority, as the case may be; and
- Provide the Executive Board with monthly budget and variance for review and approval.

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Financial Statements
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NOTES (CONTINUED)

(All amounts are expressed in UA unless otherwise stated)

Comparison of budget and actual – WAAP as at 31 December 2019

Introduction

WAPP's financial statements are prepared on accrual basis whilst the budget is on cash basis. The Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets and Statement of Cash Flow Statements are prepared on a full accrual basis. The financial statements and the budget are therefore prepared using different basis.

To enable users and funders derive the needed benefit and make this presentation useful, management has decided to present a budget/actual comparison. This form of presentation as indicated is to ensure management achieves the reporting requirement of IPSAS 24 and also meet the needs of stakeholders within the Pool for effective decision making.

The approved budget for the expense categories outlined below covers the fiscal period 1 January to 31 December 2019.

Budget/ Actual analysis for the year under review

The budget and actual analysis of WAPP is presented below.

DESCRIPTION	BUDGET	ACTUAL	VARIANCE	VARIANCE	COMMENTS (for budget overruns or non-budgeted)
	UA (1)	UA (2)	UA (3)=(1)-(2)	% (4)=(3)/ (1)	
Operating Revenue					
Contribution from members	4,830,417	5,414,970	(584,553)	12.1%	A
Grants	-	9,186	9,186		B
Operating Expenses					
Personnel Expenses	2,733,767	2,488,929	244,838	9%	
General Expenses	446,411	614,243	(167,832)	-37.60%	
Administrative Expenses	792,102	817,608	(25,506)	-3.22%	
Executive Board/Committee Meetings	788,228	465,879	322,349	-40.90%	C

WEST AFRICAN POWER POOL
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NOTES (CONTINUED)

(All amounts are expressed in UA unless otherwise stated)

CAPEX	69,909	113,440	(43,531)	-62%	D
TOTAL OPERATING AND CAPITAL EXPENSES	4,830,417	4,500,099	330,318	6.84%	Overall 93% of budgeted expenditure was actually incurred.

Explanations of significant deviations

A	Excess contributions by WAPP Member Utilities of Nigeria during the year.
B	Grant income from Karpowership in support of WAPP General Assembly and GRV Global Ltd in support of a training activity.
C	Decrease in Executive Board/Committee meeting expenditure is a result of GIZ and TCN financing of significant cost components of the WAPP 2019 General Assembly held in Abuja.
D	Excess relates to unutilised budgetary provision for same expenditure in 2018 financial year. The implementation this activity was spread over 2 years.