

WEST AFRICAN POWER POOL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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**GENERAL INFORMATION**

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 in January 2006, adopted the Articles of Agreement establishing the new WAPP Organisation by Decision A/DEC.18/01/06. The organisation began actual operations in July 2006.

<b>Executive Board</b>	Engr Olusola Akinniranye	Board Chairman (Appointed in November 2012)
	Mr. Kweku A. Awotwi	Member
	Amidou Traoré	Member
	Mr. Appolinaire Ki Siengui	Member
	William Hutton-Mensah	Member
	Gnande Djeteli	Member
	Mr. Amadou Diallo	Member
	Mr. Djibril Salifou	Member
	Mr. Pape Dieng	Member (Appointed in October 2012)
	Tidiani Keita	Member (Appointed in February 2013)
	Cheik Ould Abdellahi Ould Bedda	Member (Appointed in May 2013)
	Charles Darku	Observer
	Marius Hounkpatin	Observer
	Dr. Engr. J.O. Makoju	Board Chairman (Resigned in November 2012)
	Mr. Saloum Cissé	Member (Resigned in May 2013)
	Mr. Seydina Kane	Member (Resigned in September 2012)
	Alpha Sékou Djiteye	Member (Resigned in February 2013)

<b>Auditor</b>	PricewaterhouseCoopers
	Chartered Accountants
	No. 12 Airport City
	Una Home 3 <sup>rd</sup> Floor
	PMB CT42
	Cantonments Accra

<b>Secretariat</b>	West African Power Pool
	06 BP 2907 Cotonou
	Republique du Benin

<b>Bankers</b>	Ecobank Benin
	Rue de Gouverneur Bayol 01 B.P. 1280 Cotonou Republic of Benin
	United Bank for Africa (UBA)
	Carrefour des 3 banques Avenue Jean Paul II 01 BP 2020 Cotonou Republic of Benin

## REPORT OF THE EXECUTIVE BOARD

The Executive Board has the pleasure in submitting their report and the audited financial statements of WAPP for the year ended 31 December 2012.

### Statement of the Executive Board's responsibilities

The Executive Board is responsible for the preparation of the financial statements for each financial year which give a true and fair view of the state of affairs of the Organisation and of the surplus or deficit for the 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 books of account and 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.

### Principal activity

The main activity of the Organisation is to pool electricity resources of member institutions for a more stable and reliable electricity supply to their citizens at affordable costs over the medium to long-term.

### Results

The Statement of Financial Performance on page 5 shows a net surplus for the year of UA 155,514 (2011: UA 836,629) which has been transferred to accumulated fund.

BY ORDER OF THE BOARD

Secretary General:

AMADOU

DIALLO

Board Chairman:

ENG. OLUSOLA O. AKINNIRANYE

5 NOVEMBER 2013

Chairman

## **REPORT OF THE INDEPENDENT AUDITOR TO THE GENERAL ASSEMBLY OF WAPP**

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of WAPP set out on pages 5 to 20. These financial statements comprise the statement of financial position as at 31 December 2012, the statement of financial performance, the cash flow statement and the statement of changes in net assets for the year then ended and a summary of significant accounting policies and other explanatory information.

#### **Executive Board's responsibility 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 and for such internal control as the Executive Board determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

#### **Auditor's responsibility**

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

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

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



**REPORT OF THE INDEPENDENT AUDITOR TO THE GENERAL ASSEMBLY OF  
WAPP (continued)**

**Opinion**

In our opinion the accompanying financial statements give a true and fair view of the financial position of WAPP as at 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.



Signed by: Michael Asiedu-Antwi (ICAG/P/1138)

For and on behalf of:

PricewaterhouseCoopers (ICAG/F/028)

Chartered Accountants

Accra, Ghana

5 November 2013



STATEMENT OF FINANCIAL PERFORMANCE  
(All amounts are expressed in UA)

	Note	Year ended 31 December	
		2012	2011
<b>Operating revenue</b>			
Contributions from Members	2	3,020,976	3,069,042
Grants from donors	3	-	232,695
<b>Total operating revenue</b>		<b>3,020,976</b>	<b>3,301,737</b>
Decrease in impairment charge	4	504,299	1,089,978
<b>Total revenue</b>		<b>3,525,275</b>	<b>4,391,715</b>
<b>Operating expenses</b>			
Personnel expenses	5	1,254,367	1,181,533
General expenses	6	624,455	505,229
Administrative expenses	7	786,147	824,309
Executive Board and Committee Meetings	8	367,266	565,529
<b>Operating expenses before depreciation and amortisation</b>		<b>3,032,235</b>	<b>3,076,600</b>
Add: depreciation and amortisation charge for the period	9 and 10	190,047	183,897
Less: capital grants	19	31,227	31,227
<b>Total expenses</b>		<b>3,191,055</b>	<b>3,229,270</b>
Financial income	11	17,582	16,316
Financial expense	12	(196,288)	(342,132)
<b>Net financial expense</b>		<b>(178,706)</b>	<b>(325,816)</b>
<b>Surplus for the year transferred to accumulated fund</b>		<b>155,514</b>	<b>836,629</b>

**STATEMENT OF FINANCIAL POSITION**  
(All amounts are expressed in UA)

		<u>At 31 December</u>	
	Note	2012	2011
<b>Non-current assets</b>			
Property, plant and equipment	9	499,746	472,733
Intangible assets	10	<u>125,067</u>	<u>195,113</u>
		<u>624,813</u>	<u>667,846</u>
<b>Current assets</b>			
Cash and bank balances	13	1,340,729	1,145,957
Receivables from exchange transactions	14	633,679	749,076
Recoverables for non-exchange transactions	15	143,723	248,841
Prepayments	16	<u>22,522</u>	<u>29,330</u>
		<u>2,140,653</u>	<u>2,173,204</u>
<b>Total assets</b>		<u>2,765,466</u>	<u>2,841,050</u>
<b>Current Liabilities</b>			
Accounts payable	17	<u>267,607</u>	<u>434,176</u>
<b>Non current liabilities</b>			
Separation provision	18	66,199	99,501
Capital grants	19	<u>21,862</u>	<u>53,089</u>
		<u>88,061</u>	<u>152,590</u>
<b>Total liabilities</b>		<u>355,668</u>	<u>586,766</u>
<b>Net assets</b>		<u>2,409,798</u>	<u>2,254,284</u>
<b>Represented by:</b>			
<b>Accumulated Fund</b>		<u>2,409,798</u>	<u>2,254,284</u>

The financial statements on pages 5 to 20 were approved by the Executive Board on 5 NOVEMBER 2013 and signed on their behalf by:

Secretary General:

AMADOU DIALLLO

Name and Signature

Board Chairman:

ENG. OLUSOLA O. AKWIRANYE

Name and Signature



**CASH FLOW STATEMENT**  
(All amounts are expressed in UA)

		<u>Year ended 31 December</u>	
	Note	2012	2011
<b>Cash flows from operating activities</b>			
Cash generated from operations	20	<u>341,786</u>	<u>690,814</u>
<b>Cash flows used in investing activities</b>			
Purchase of property, plant and equipment	9	<u>(147,014)</u>	<u>(289,655)</u>
Additions to intangible assets	10	<u>-</u>	<u>(68,568)</u>
<b>Net cash used in investing activities</b>		<u>(147,014)</u>	<u>(358,223)</u>
<b>Cash flows from financing activities</b>		<u>-</u>	<u>-</u>
<b>Increase in cash and cash equivalents</b>		<u>194,772</u>	<u>332,591</u>
<b>Movement in cash and cash equivalents</b>			
Balance at beginning of year		1,145,957	813,366
Increase in the year		<u>194,772</u>	<u>332,591</u>
<b>Balance at end of year</b>	13	<u>1,340,729</u>	<u>1,145,957</u>

**STATEMENT OF CHANGES IN NET ASSETS**

(All amounts are expressed in UA)

	<b>Accumulated fund</b>
<b>2011</b>	
Balance at 1 January	1,417,655
Surplus for the year	<u>836,629</u>
Balance at 31 December	<u>2,254,284</u>
<b>2012</b>	
Balance at 1 January	2,254,284
Surplus for the year	<u>155,514</u>
Balance at 31 December	<u>2,409,798</u>

## **NOTES**

### **1. Accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

#### **(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with International Public Sector Accounting Standards (IPSAS).

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.

#### **Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the organisation**

In 2011, the International Public Sector Accounting Standards Board (IPSASB) finalised IPSAS 32, Service Concession Arrangements: Grantor. IPSAS 32 is effective for annual financial statements covering periods beginning on or after January 1, 2014.

There are no other IPSAS interpretations that are not yet effective that would be expected to have a material impact on the organisation.

**NOTES (continued)**

**1. Accounting policies (continued)**

**(b) 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.

**(c) Intangible assets**

Intangible assets mainly comprise of patented and non-patented technology, know-how and software. These are capitalized and amortised on the straight line basis in the statement of financial performance over the expected useful lives, or the period of legal rights.

**(d) Revenue recognition**

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.

Other revenues, including costs reimbursed by third parties, are recognised when they are earned, either contractually, or in the absence of a contract, upon receipt.

**NOTES (continued)**

**1. Accounting policies (continued)**

**(e) Inventories**

Inventories are measured at the lower of cost and net realisable value. Cost includes all direct expenditure incurred in bringing the inventories to their current state under normal operating conditions.

**(f) Accounts Receivable/ Recoverable**

Accounts recoverable represent receivables from exchange transactions and recoverables from non-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.

**(g) Financial Instruments**

WAPP uses only non-derivative financial instruments as part of its normal operations. These financial instruments include bank accounts, certificates of deposit, accounts receivable and accounts payable.

All financial instruments are recognised in the statement of financial position at their fair values.

**(h) Foreign currency translation**

**(i) Functional and presentation currency**

Most transactions were made in FCFA which is the functional currency of WAPP. The financial statements are presented in Unit of Account (UA) which is the presentation currency of ECOWAS institutions.

**(ii) Transactions and balances**

Transactions during the period are translated into the presentation currency, Unit of Account (UA) at the average quarterly rates from ECOWAS Bank for Investment and Development (EBID). Monetary assets and liabilities at the reporting date are translated into UA at the rates of exchange ruling at that date. The resulting gains or losses realised or incurred are recognised in the statement of financial performance.

**(i) Grants**

Grants are amortised over their useful lives and netted-off the depreciation charge for the year. Where assets received are below the depreciation threshold of WAPP, the monetary values of the items are recognised as income in the year the grant is received. Cash donations are recognised as income in the statement of financial performance when received.



**NOTES (continued)**

**1. Accounting policies (continued)**

**(j) Staff Retirement 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.

**(k) 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.

**NOTES (continued)**

(All amounts in the notes are expressed in UA)

	2012	2011
<b>2. Contributions from Members</b>	<b><u>3,020,976</u></b>	<b><u>3,069,042</u></b>

**3. Grants from donors**

This represents financial assistance received from donors in cash to support WAPP Secretariat.

	2012	2011
World Bank	-	54,494
USAID	-	<u>178,201</u>
	-	<u>232,695</u>

**4. Decrease in impairment charge**

This represents provisions for outstanding member contributions recovered during the year.

**5. Personnel expenses**

Staff salaries	708,280	661,346
Salary for contractors and temporary staff	177,738	167,028
Initial travel and accommodation	682	2,566
Refund of school fees	150,036	124,355
Other expenses*	86,373	73,914
Pension fund contributions	86,820	78,235
Separation provision for SG	17,418	17,418
Medical expenses	14,051	10,428
Training Costs	<u>12,969</u>	<u>46,243</u>
	<u>1,254,367</u>	<u>1,181,533</u>

\*Other expenses represent other staff costs such as domestic and home leave allowances.

**6. General expenses**

Administration expenses	33,073	23,427
Repairs and maintenance	16,550	62,461
Utility expenses	11,278	12,418
Rent	16,640	15,965
Transportation	161,127	166,959
Audit fees and expenses	30,413	29,873
Legal fees	5,697	6,517
Consultancy services	343,894	170,652
Software licenses	<u>5,783</u>	<u>16,957</u>
	<u>624,455</u>	<u>505,229</u>

**NOTES (continued)**

(All amounts in the notes are expressed in UA)

		2012	2011			
7.	Administrative expenses					
	Public relations, publicity and adverts	18,382	19,518			
	Postages and communications	86,686	72,348			
	Official missions	512,927	482,326			
	Conference materials	9,065	10,408			
	Linguistic services	49,591	83,278			
	Entertainment/ reception retreats	106,243	145,106			
	Recruitment	-	634			
	Project facilitation	3,253	10,691			
		786,147	824,309			
8.	Executive Board and Committee Meetings					
	Executive Board Meetings	115,069	107,719			
	Engineering and Operating Committee	105,990	138,358			
	Strategic Planning and Environmental Committee	112,544	279,731			
	Finance, Human Resources and Governance Committee	33,663	39,721			
		367,266	565,529			
9.	Property, plant and equipment					
	2012	Computers	Equipment, furniture & fixtures	Motor Vehicles	Buildings	Total
	Cost					
	As at 1 <sup>st</sup> January	138,297	62,718	341,654	335,161	877,830
	Additions	17,285	-	129,729	-	147,014
	At 31 <sup>st</sup> December	155,582	62,718	471,383	335,161	1,024,844
	Accumulated Depreciation					
	As at 1 <sup>st</sup> January	108,712	41,898	244,911	9,576	405,097
	Charge for the year	25,818	10,196	74,411	9,576	120,001
	At 31 <sup>st</sup> December	134,530	52,094	319,322	19,152	525,098
	Net Book Value					
	At 31 <sup>st</sup> December	21,052	10,624	152,061	316,009	499,746

9. Property, plant and equipment (continued)

2011	Computers	Equip., furniture & fixtures	Motor Vehicles	Building	Work-in- progress	Total
<b>Cost</b>						
As at 1 <sup>st</sup> January	134,645	51,179	294,814	-	107,537	<b>588,175</b>
Transfers	-	-	-	107,537	(107,537)	-
Additions	<u>3,652</u>	<u>11,539</u>	<u>46,840</u>	<u>227,624</u>	-	<u>289,655</u>
<b>At 31<sup>st</sup> December</b>	<b><u>138,297</u></b>	<b><u>62,718</u></b>	<b><u>341,654</u></b>	<b><u>335,161</u></b>	<b>-</b>	<b><u>877,830</u></b>
<b>Accumulated Depreciation</b>						
As at 1 <sup>st</sup> January	78,541	31,702	181,003	-	-	291,246
Charge for the year	<u>30,171</u>	<u>10,196</u>	<u>63,908</u>	<u>9,576</u>	-	<u>113,851</u>
<b>At 31<sup>st</sup> December</b>	<b><u>108,712</u></b>	<b><u>41,898</u></b>	<b><u>244,911</u></b>	<b><u>9,576</u></b>	<b>-</b>	<b><u>405,097</u></b>
<b>Net Book Value At 31<sup>st</sup> December</b>	<b><u>29,585</u></b>	<b><u>20,820</u></b>	<b><u>96,743</u></b>	<b><u>325,585</u></b>	<b>-</b>	<b><u>472,733</u></b>

10. Intangible assets

<b>Cost</b>		
	<b>2012</b>	<b>2011</b>
As at 1 <sup>st</sup> January	<b>325,612</b>	257,044
Additions	-	<u>68,568</u>
<b>At 31<sup>st</sup> December</b>	<b><u>325,612</u></b>	<b><u>325,612</u></b>
<b>Accumulated Amortisation</b>		
As at 1 <sup>st</sup> January	<b>130,499</b>	60,453
Charge for the year	<u>70,046</u>	<u>70,046</u>
<b>At 31<sup>st</sup> December</b>	<b><u>200,545</u></b>	<b><u>130,499</u></b>
<b>Net Book Value</b>	<b><u>125,067</u></b>	<b><u>195,113</u></b>

**NOTES (continued)**

(All amounts in the notes are expressed in UA)

	2012	2011
<b>11. Financial Income</b>		
Bank interest	<u>17,582</u>	<u>16,316</u>
<b>12. Financial expense</b>		
Bank charges	3,837	3,491
Exchange differences	<u>192,451</u>	<u>338,641</u>
	<u>196,288</u>	<u>342,132</u>
<b>13. Cash and bank balances</b>		
Cash at Bank	1,340,729	1,135,980
Cash on hand	<u>-</u>	<u>9,977</u>
	<u>1,340,729</u>	<u>1,145,957</u>
<b>14. Receivables from exchange transactions</b>		
Members' contribution receivable	1,898,904	2,524,722
Provision for doubtful debts	<u>(1,279,586)</u>	<u>(1,783,885)</u>
	619,318	740,837
Staff advances	<u>14,361</u>	<u>8,239</u>
	<u>633,679</u>	<u>749,076</u>
<b>15. Recoverables for non exchange transactions</b>		

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

	2012	2011
ECOWAS Guinea Bissau Project	17,633	5,257
ECOWAS Guinea Conakry Project	29,893	13,775
World Bank Projects	11,887	36,961
USAID Capacity Support to WAPP Members Programme	56,661	192,848
North Core	10,729	-
Other projects	<u>16,920</u>	<u>-</u>
	<u>143,723</u>	<u>248,841</u>



**NOTES (continued)**

(All amounts in the notes are expressed in UA)

**16. Prepayments**

	2012	2011
Insurance	9,414	5,047
Rent (SG's residence and guest house)	1,244	13,018
Telecommunications (deposit)	1,961	1,962
Internet	<u>9,903</u>	<u>9,303</u>
	<u>22,522</u>	<u>29,330</u>

**17. Accounts payable**

	2012	2011
Auditor's remuneration	29,537	29,000
Other payables	<u>238,070</u>	<u>405,176</u>
	<u>267,607</u>	<u>434,176</u>

**18. Separation provision**

	2012	2011
Balance at 1 January	99,501	78,114
Charge and interest on account for the year	<u>21,374</u>	<u>21,387</u>
	120,875	99,501
Payment to the Secretary General	<u>(54,676)</u>	<u>-</u>
Balance as at 31 December	<u>66,199</u>	<u>99,501</u>

This represents funds set aside annually by WAPP to cater for the Secretary General's separation payment at the end of his service period. The Executive Board approved an amount of UA54,676 which was paid to him after the end of his second term in office.

**19. Capital Grants**

Grant Source	Opening balance as at 01.01.2012	Additions	Amortisation for the year	Closing balance as at 31.12.2012
French Embassy-Generators and Fire equipment	6,595	-	4,397	2,198
USAID ( two vehicles)	11,434	-	5,717	5,717
USAID (security systems)	12,190	-	12,190	-
KOICA ( one vehicle)	7,789	-	3,895	3,894
KEPCO (one vehicle)	<u>15,081</u>	<u>-</u>	<u>5,028</u>	<u>10,053</u>
	<u>53,089</u>	<u>-</u>	<u>31,227</u>	<u>21,862</u>

- (i) The French Embassy provided a grant of UA 64,522 in 2006, representing 90% of the cost of a standby generator for the WAPP Secretariat as well as cabling for LAN and phone systems, fire fighting equipment and a PABX system.

**NOTES (continued)**

(All amounts in the notes are expressed in UA)

- (ii) USAID provided grants in the form of two vehicles and security systems for WAPP's office building amounting to UA 28,585 and UA 48,764 respectively in 2009.
- (iii) Korean International Co-operation Agency (KOICA) donated a Toyota Prado valued at UA 19,474 to WAPP in 2009.
- (iv) Korean Electric Power Corporation (KEPCO) donated a Nissan Patrol valued at UA 25,135 to WAPP in 2010.

The grants are being amortised over the useful life of the related assets. The amortisation is credited to the depreciation charge for the year.

<b>20. Cash generated from operations</b>	<b>Note</b>	<b>2012</b>	<b>2011</b>
Net surplus for the year		<b>155,514</b>	836,629
<b>Adjustments for non-cash items:</b>			
Depreciation and amortisation of intangible assets	8 & 9	<b>190,047</b>	183,897
Amortisation of capital grant	18	<b>(31,227)</b>	(31,227)
<b>Changes in working capital:</b>			
Decrease/ (increase) in receivables from exchange transactions		<b>115,397</b>	(420,749)
Decrease/(increase) in recoverables from non-exchange transactions		<b>105,118</b>	(248,841)
Decrease/( increase) in prepayments		<b>6,808</b>	(19,154)
(Decrease)/ increase in accounts payable		<b>(166,569)</b>	368,872
(Decrease)/ increase in separation provision		<b><u>(33,302)</u></b>	<u>21,387</u>
<b>Cash generated from operations</b>		<b><u>341,786</u></b>	<u>690,814</u>

**NOTES (continued)**

(All amounts in the notes are expressed in UA)

**21. Related party transactions**

West African Power Pool (WAPP) is governed by the Executive Board whose members are entitled to payment of honoraria and other travel related expenses when participating in WAPP meetings or any other WAPP business. The following were members of the Executive Board during the year:

Engr Olusola Akinniranye	Board Chairman (Appointed in November 2012)
Mr. Kweku A. Awotwi	Member
Amidou Traoré	Member
Mr. Appolinaire Ki Siengui	Member
William Hutton-Mensah	Member
Gnande Djeteli	Member
Mr. Amadou Diallo	Member
Mr. Djibril Salifou	Member
Mr. Pape Dieng	Member (Appointed in October 2012)
Tidiani Keita	Member (Appointed in February 2013)
Cheik Ould Abdellahi Ould Bedda	Member (Appointed in May 2013)
Charles Darku	Observer
Marius Hounkpatin	Observer
Dr. Engr. J.O. Makoju	Board Chairman (Resigned in November 2012)
Mr. Saloum Cissé	Member (Resigned in May 2013)
Mr. Seydina Kane	Member (Resigned in September 2012)
Alpha Sékou Djiteye	Member (Resigned in February 2013)

Except Mr. Amadou Diallo 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 **114,469** (2011: UA 118,014). The Secretary General was paid 50% of his separation provision as at 30 June 2012 of UA **54,676**. The payment was approved by the Chairman of the Executive Board.

**22. Financial instruments**

All financial instruments to which WAPP is a party are recognised in the financial statements.

**(a) Credit risk**

In the normal course of business, WAPP incurs credit risk from accounts receivable and transactions with banking institutions. WAPP manages its exposure to credit risk by:

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

The maximum exposure as at 31 December 2012 was equal to the total amount of bank balances, short-term deposits, and receivables disclosed in the statement of financial position.

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.

**NOTES (continued)**

(All amounts in the notes are expressed in UA)

**(b) Foreign currency exchange rate risk**

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 average quarterly rates from ECOWAS Bank for Investment and Development (EBID).

**(c) Fair values**

As at 31 December 2012, the carrying amounts of all financial instruments approximated their fair values (2011: carrying amounts approximate the fair values).

**23. Capital commitments**

There were no capital commitments at 31 December 2012 (2011: nil).

**24. Contingent liability**

There were no contingent liabilities at 31 December 2012 (2011: nil).



## **Presentation of Budget Information in Financial Statements**

### **Basis of preparation**

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. The financial statements however, are 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**

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

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. 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.



**Comparison of budget and actual on expense categories level****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 the comparison by expenditure categories. 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 2012.

**Budget for the year under review**

The budget and actual analysis provides the expenditure categories incurred by WAPP. The approved budget drives the business of the Secretariat.

	<b>Annual Budget (cash basis)</b>	<b>Actual Expenditure (cash basis)</b>	<b>Variance</b>	<b>Variance</b>
	<b>UA</b>	<b>UA</b>	<b>UA</b>	<b>%</b>
Salaries and Other Personnel Expenses (1)	1,414,319	1,254,367	159,952	11%
General Expenses (2)	336,441.00	624,455	(288,014.00)	(86%)
Administration Expenses (3)	584,569.00	786,147	(201,578.00)	(34%)
Executive Board and Committee Meetings	593,319	367,266	226,053	38%
Capital (4)	184,655	147,014	37,641	20%
	<b>3,113,303</b>	<b>3,179,249</b>	<b>(65,946)</b>	<b>2%</b>

**Explanations of Significant deviations**

- Salaries and Other Personnel Expenses** – Some staff budgeted for could not be recruited during the year due to outstanding contribution by members.
- General Expenses** – Actual expenditure exceeded budget due to the increase in consultancy fees and expenses incurred on the payments to the debt collector to help recover outstanding contributions from Members. The debt collector helped to recover some of the outstanding contribution from Member Utilities.
- Administrative Expenses** – This was mainly due to expenses on linguistic services and reception/entertainment expenses on meetings, trainings and workshops.

4. **Executive Board and Committee Meetings** - This was mainly due to fewer meetings being held than budgeted for.
5. **Capital** – Assets such as digitization equipment and docking stations and laptops included in the current budget were procured in 2013.

#### Reconciliation of Actual Amounts in the Budget and Actual Amounts in the Financial Statements

Description	Operating	Financing	Investing	Total (UA)
Actual amount on comparable basis as presented in the budget and actual financial statements	-	-	-	3,179,249
*Basis difference	-	-	-	11,806
Actual amount in the statement of financial performance on an accrual basis	-	-	-	3,191,055

\* Basis difference was arrived at as a result of the different basis used in the budget and the financial statements. The budget uses cash basis whilst the financial statements is prepared on accrual basis of accounting.

In budget, revenue is required to cover all committed expenditures. In the financial statement, revenue and expenses only includes amounts corresponding to amounts accruing for the period. The difference is treated as accrued revenue or expenses in the financial statement. Also, a provision is made for outstanding membership contributions and included in the statement of financial position and statement of financial performance. No such provision is made in the budget.

In budget, capital expenditures are recorded as current year expenses. This cost is capitalised and depreciated over the useful lives in the financial statements. These capital expenditures and associated depreciation are recorded net on the asset side of the Statement of Financial Position. Depreciation expense is recorded in the Statement of Financial Performance.