# GHANA WATER COMPANY LIMITED

**Main Bankers:** GCB Bank Limited
Societe Generale Ghana
National Investment Bank

**My Ref. No.:**.....

**Your Ref. No.:**.....

**Head-Office,**
**Post Office Box MB.194,**
**Accra – Ghana**
**West Africa**

25th November, 2022

Dear Sir/Madam

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the 2nd Annual General Meeting of the Shareholders of Ghana Water Company Limited (GWCL) will be held in the Conference Room (Room 216) of GWCL Head Office, Ministries, Accra on Thursday, 1st December, 2022 at 11a.m. for the transaction of the following business.

**AGENDA:**
**ORDINARY BUSINESS**

1. To receive, consider and adopt the reports of the Directors and the Auditors and the Financial Statements of the Company for the year ended 31st December, 2020
2. To confirm the appointment of the External Auditors
3. To authorize the Directors to fix the remuneration of the Auditors
4. To consider any other appropriate business.

Dated at Accra this 25th day of November, 2022.

**BY ORDER OF THE BOARD**

**JEMIMA TOSEAFA (MRS.)**
**COMPANY SECRETARY**

A member of the Company who is entitled to attend and vote at the above Meeting is eligible to appoint a proxy to attend and vote instead of him/her. Completed proxy forms should be deposited at the Registered Office, 28th February Road, near Independence Square, Ministries, Accra (Room 314) not less than 48 hours before the appointed time of the meeting. Failure to submit the forms before the 48 hours deadline will result in the proxy not being admitted to or participating in the meeting. A Form of Proxy to be used is enclosed.

**Distribution:**
Shareholders
Directors
Auditors

*Board of Directors: Hon. Patrick Yaw Boamah (Chairman), Ing. Dr. Clifford A. Braimah (Managing Director), Mr. Noah Tumfo, Mr. Michael Ayesu, Hon. Akwasi Konadu, Chief Kabachewura Ewuntomah Zakaria, Hon. Kwame Amporfo Twumasi Surv. Prof. Forster Kum-Ankama Sarpong, Mrs. Vida Duti, Mr. Joseph Acolatse, Ing. Hadisu Alhassan*

# GHANA WATER COMPANY LIMITED




## 4TH GWCL ANNUAL GENERAL MEETING – NOVEMBER 2022

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# Profile of Ghana Water Company Limited

## Mission

GWCL is committed to meeting the increasing demand for better service delivery through the efficient and effective management of our core business of production, transmission and distribution of potable water and customer management in the urban areas of Ghana.

## Vision

To be a world class water company.

## Our Core Values

- Quality and excellent customer service
- Speed and urgency in service delivery
- Continuous improvement and innovation
- Health and safety of stakeholders
- High ethical and professional standards
- Commitment and dedication to operations

The urban water sector in Ghana has over the last ten years gone through a couple of evolutions. The major ones included the Management Contract between Aqua Vitens Rand Ltd (AVRL) of Vitens International, Netherlands and Rand Water Services of South Africa in June 2006. This contract expired in May 2011.

After the exit of AVRL, a special purpose vehicle Ghana Urban Water Ltd (GUWL) a subsidiary of Ghana Water Company Ltd was established by the Government of Ghana to continue managing the operations till a long-term decision was taken.

In August of 2014, a new policy direction for the water sector was announced by the Government; the dissolution of GUWL with GWCL absorbing the operational activities performed by GUWL. GUWL the Operator and GWCL, the asset holder now merged to form the new Ghana Water Company Ltd which has responsibilities of both operations and asset management.

GWCL is the sole government owned water utility company. It is responsible for the production, transmission and distribution of water in urban areas in Ghana.

The Company as at 2020 managed 90 water systems. Thirty-five (35) of these systems are bore-holes and fifty-four (54) are surface while one (1) has both surface and bore-hole water facilities. These systems serve about 11.0 million people nation-wide. It operates in 15 Regional offices and 90 district offices. The company has 4 special business units.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS:

| | |
|---|---|
| Hon. Patrick Yaw Boamah (MP) | Chairman |
| Ing. Dr. Clifford Abdallah Braimah | Managing Director |
| Mr. Noah Tumfo | Director |
| Mr. Michael Ayesu | Director |
| Chief Ewuntomah Zakariah | Director |
| Hon. Kwame Amporfo Twumasi | Director |
| Mr. Joseph Kwaku Acolatse | Director |
| Mrs. Vida Affum Duti | Director |
| Surv. Prof. Forster Kum-Ankama Sarpong | Director |
| Hon. Akwasi Konadu | Director |
| Ing. Hadisu Alhassan (Workers' Representative) | Director |

## SECRETARY:

Jemima Toseafa (Mrs.)

**AUDITORS:**
AIKINS-HAWKSON & ASSOCIATES
TOP FLOOR, ELS PLACE CHRISTIAN VILLAGE, WEST LEGON

**REGISTERED OFFICE:**
28TH FEBRUARY ROAD
NEAR INDEPENDENCE AVENUE
ACCRA
**GPS**: GA-145-7919

**BANKERS:**
GCB BANK LIMITED
SOCIETIE GENERALE
NATIONAL INVESTMENT BANK

# NOTICE OF THE 4TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 4th Annual General Meeting of **GHANA WATER COMPANY LIMITED** will be held in the Conference Room, Room 216 at the GWCL Head Office and virtually via Microsoft Meetings on Thursday the 1st day of December, 2022 at 11.00am for the transaction of the following business of the Company.

## AGENDA

## ORDINARY BUSINESS

1. To receive, consider and adopt the reports of the Directors and the Auditors and the Financial Statements of the Company for the year ended 31st December, 2020
2. To confirm the appointment of the External Auditors
3. To authorize the Directors to fix the remuneration of the Auditors
4. To consider any other appropriate business.

Dated at Accra this Thursday 3rd day of November 2022.

BY ORDER OF THE BOARD.

**JEMIMA TOSEAFA (MRS.)**
**(SECRETARY)**

A member of the Company who is entitled to attend and vote at the above Meeting is eligible to appoint a proxy to attend and vote instead of him/her. Completed proxy forms should be deposited at the Registered Office, 28th February Road, near Independence Square, Ministries, Accra (Room 314) not less than 48 hours before the appointed time of the meeting. Failure to submit the forms before the 48 hours deadline will result in the proxy not being admitted to or participating in the meeting. A Form of Proxy to be used is enclosed and also available at the GWCL Website for completion and submission to jtoseafa@gwcl.com.gh.

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Accessing and Voting at the Virtual

A link will be published on the GWCL website from Monday, 19th November 2022 to give the access to the meeting. A call to **050 830 537** from the said date, during working hours can provide assistance on how to access the meeting.

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# GHANA WATER COMPANY LIMITED

## PROXY FORM

I/We ..... of .....

being a Member/Shareholder of the above-named company hereby appoint

..... of.....

or failing him .....

of ..... as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on ..... day of ..... 2022 and at any adjournment thereof.

Dated this .....day of ..... 2022

[.....]

# Resolutions to be passed at the Annual General Meeting

The Board of Directors will be proposing the following resolutions, which will be put to the Annual General Meeting.

1. **To Receive the 2020 Accounts**
   The Board shall propose the acceptance of the 2020 Accounts as the true and fair view of the state of the affairs of the Company for the year ended 31st December, 2020 and of the performance for the year then ended.

2. **To Authorize the Directors to confirm the Appointment of the External Auditors**
   In accordance with Section 139 of the Company's Act 2019, Act 992 the Board will request from Members their approval to confirm the appointment of Messrs Aikins-Hawkson & Associates for the period 1st January to 31st December, 2020.

3. **To Fix the Remuneration of the Auditors**
   The Board will seek approval from Members to fix the remuneration of the Auditors in accordance with Section 139 of the Company's Act 2019, Act 992.

4. **To Consider any other appropriate business.**

# Profiles of Directors

## HONOURABLE PATRICK YAW BOAMAH, MP – (CHAIRMAN)

Hon. Patrick Yaw Boamah Esq., is a Barrister and a Solicitor of the Supreme Court of Ghana. He holds a law Degree from the University of Ghana Law School, a Qualifying Certificate in Law (QCL), a Master's in International Affairs and a Diploma in Public Administration.

Hon. Patrick Boamah is a member of the Ghana Bar Association, Commonwealth Lawyers Association, and the International Bar Association. He worked as an Associate for five (5) years at Sam Okudzeto & Associates, a leading law firm in Accra. He presently leads a thriving legal practice called Boamah & Partners which he established in 2013.

Patrick Yaw Boamah was elected Member of Parliament for the Okaikoi Central Constituency in 2012, 2016 and 2020 and continuous to provide his Constituents with the necessary initiates aimed at improving their quality of life.

He served as the Deputy Minister for Sanitation and Water Resources and the Chairman of the Foreign Affairs Committee of Parliament in the 7th Parliament of the 4th Republic in the Akuffo Addo led Administration.

He currently serves as the Vice Chair of the Finance Committee and a member of the Standing Orders and Appointment Committees of Parliament in the present Administration.

## ING. DR. CLIFFORD ABDALLAH BRAIMAH (MANAGING DIRECTOR)

Ing. Dr. Clifford A. Braimah is the Managing Director of Ghana Water Company Limited and a Director of the Board.

Prior to his appointment in March 2017, he was the Dean of the School of Engineering at Tamale Polytechnic, Ghana. He joined Tamale Polytechnic in 2000 as an Instructor and rose through the ranks to become a Senior Lecturer in 2011.

Over the years, Ing. Dr. Clifford Braimah has been involved in the planning, designing, implementation and evaluation of many local and donor funded projects.

Few of the projects are the Performance audit of Savelugu Water System for the Savelugu/Nanton Municipal Assembly in the Northern Region, Training of small towns water supply system operators and managers on operations and maintenance of 30 small towns in Northern Region, CIDA funded Development of training manual for small towns water supply system operations, Training of Engineers of MMDAs on tools in monitoring and supervision of small towns water supply systems in all 216 MMDAs in Ghana.

He is a member of Ghana Institution of Engineers (GhIE) and International Water Association (IWA). He is a lead author of numerous peer-reviewed journal articles on Water and Engineering.

He holds a Bachelor of Science Degree in Engineering and Masters of Science Degree in Environmental Resources Management from the Kwame Nkrumah University of Science & Technology, Ghana. He also holds a Doctor of Philosophy in Water Supply Management from Cranfield University, UK.

## MR. NOAH TUMFO (DIRECTOR)

Mr. Noah Tumfo graduated with a Bachelor of Arts (Hons.) degree in Industrial Art followed by two master's degrees in public administration and Public Sector Management from the Kwame Nkrumah University of Science and Technology (KNUST), University of Ghana Business School (UGBS) and the Ghana Institute of Management and Public Administration (GIMPA) respectively. He is currently a PhD student at the Department of Public Administration and Health Services of the University of Ghana Business School.

Currently, he is a Chief Director at the Ministry of Sanitation and Water Resources, a position he has held since August, 2019. He is an Administrator who has worked with the Civil Service for the past 23 years in both local and central government. Between 2013 and 2018, he was the Director for Career Management in the Civil Service and doubled as the Secretary to the Governing Board of the Service.

He is a professional Administrator and a chartered Management Consultant. He is a member of the Chartered Institute of Administration and Management Consultants, Ghana (CIAMC) and Chartered International Professional Managers, UK (CIPM).

He has expertise in Interpersonal and Motivational Skills Development, Leadership, Analytical Thinking and Public Service Systems and Procedures. He joined the Board of Directors of the Company in November, 2019.

## MR. MICHAEL AYESU (DIRECTOR)

Mr. Ayesu is currently on pension but was the Coordinating Director in charge of Operations at the Ministry of Finance between January 2019 to December 2021. The responsibilities of the position included the monitoring of the implementation of the national budget, with emphasis on the Government's priority programmes and supervision of all operational issues relating to all Divisions in the Ministry. He joined the Ministry of Finance in 1988.

Mr. Ayesu graduated from the University of Cape Coast in 1985 with B.A. Honors Degree in Social Sciences (Economics and Sociology) and a Diploma in Education. He also obtained a Master of Philosophy Degree in Monetary Economics from the University of Glasgow, United Kingdom in 1993.

He was on secondment as Senior Advisor to Ghana's Executive Director at the World Bank Group in Washington DC from 2008 to 2013. He has been a Board Member of the National Investment Bank since 2014. Mr. Ayesu is married with two children.

## CHIEF EWUNTOMAH ZAKARIA (KABACHEWURA) – (DIRECTOR)

Ewuntomah Zakaria was born on the 1st July, 1961 at Kpembe in the Salaga Municipal Assembly of the Savana Region. Started my Basic Education at Kpembe primary school in September 1965 at the age of five years. Subsequently, he proceeded to Salaga Middle Day in form two and wrote the common entrance in 1973 at the age of twelve (12) years where he entered Ghana Secondary School in September, 1973.

After my secondary school, he attended Modern Institute of Technology to continue my R.S.A (II) (Royal Society of Arts Advance) from September 1979 – May 1981.

He gained employment with the Ghana Education Service in July 1981 as an Accounts Clerk. In September, 2000 he did his Higher National Diploma on study leave. Further, he continued to Cape Coast University and did his first degree in Bachelor of Arts Accounting (Distance in Education). All this while he was an accountant at Damongo Senior High School. At Damongo Senior High School, he was transferred to Tamale Senior High School where he continued to pursue his Masters Programme at Kwame Nkrumah University of Science and Technology (KNUST) and acquired his Common Wealth Executive Masters Certificate.

He was enskinned as the **Kabachewura** of the Kpembe traditional area in 2015 by the Kanyasewura/Kpembewura.

He is a government appointee and a traditional ruler at the Salaga Municipal Assembly from 2016 till date. He retired from the civil service in July, 2021 as a Deputy Chief Accountant II of the Ghana Education Service in Tamale Senior High School. He worked for forty (40) years in the Ghana Education Service.

## MRS. VIDA AFFUM DUTI (DIRECTOR)

Vida Duti is an expert in effective governance, and organisation and systems development with more than 20 years national and international experience. She has extensive experience in community development and poverty reduction; local government capacity development; public sector reform and systems strengthening. She has specialist experience in building the capacity to sustain the complex systems needed for water, sanitation, and hygiene (WASH) service delivery, and has in-depth experience in the design and management of financing mechanisms including performance-based grants, challenge prize schemes and social investment funds.

Vida Duti is the Country Director of IRC Ghana, the independent, non-profit WASH organisation that works with governmental and non-governmental partners to make the Sustainable Development Goals for universal WASH a reality. In Ghana she works with government at national and local level and with all the leading NGOs in strengthening WASH systems. She is also a member of the international IRC leadership team setting global policies and strategic directions in the public policy environment. She has led the development and implementation of numerous action-research programmes with a focus on sustainability, sector reform and technical support.

Vida Duti previously worked with the Canadian High Commission in Ghana as a Senior Development Officer managing the programmes in support of district development budget in northern Ghana, and Parliamentary Committee, Central Governance reforms to improve parliamentary oversight and executive decision-making. She has also worked with the Ghana Poverty Reduction Project and Social Investment Fund as a Community Outreach and Institutional Development Specialist. She started her professional career with the National Council on Women and Development contributing to gender related research, policies, and advocacy.

Vida Duti is the winner of the 2019 OPEC Fund for International Development Annual Award for Development in recognition of work in ensuring sustainable water, sanitation and hygiene services for the population of Ghana, and in particular for her pioneering work in the Asutifi North District of Ghana.

She is an alumnus of University of Dortmund and the Kwame Nkrumah University of Science and Technology and a member of the Ghana Institute of Planners.

## HON. KWAME AMPORFO TWUMASI (DIRECTOR)

Hon. Kwame Amporfo Twumasi has been involved in the politics of Ghana from the grassroot to national level, for over 20 years. He has served as the Deputy Minister of Education, Science and Sport, as well as the Deputy Minister of Energy in the administration of Ex-President Kuffour. For a period of 8 years he served the people of Nkoranza South as their representative and Member of Parliament.

As a Deputy Minister and Member of Parliament, Hon. Twumasi served on a number of committees including the Parliamentary Select Committee on Gender and Children, The Select Committee on Foreign Affairs and the Select Committee on Energy as well as the Special Budget Committee among others. He had previously served as an Assembly Member for nine years and had risen to the position of the District Chief Executive for Nkoranza (now Nkoranza South Municipal and Nkoranza North Districts) Assemblies from 2001-2005. He was the Nkoranza District Representative at the Consultative Assembly that drafted the 1992 Constitution of the Republic of Ghana.

Before Politics called on Hon Twumasi, he was an Economics and Geography tutor, first at Atebubu Secondary and later at Nkoranza Secondary Technical from 1988-2001. He also worked as an Assistant Management Analyst in the Management Services Division then under the Office of the President, State House in the 1980/81 National Service year.

He sojourned in Nigeria under a contract with the Sokoto State Government as a teacher from September 1981 to August 1987.

## MR. JOSEPH KWEKU ACOLATSE – (DIRECTOR)

Joseph Kweku Acolatse is a Business Executive who has operated in the Energy Sector for twenty-seven (27) years. He has Master of Science in Operations and Supply Chain Management (OSCM) from the University of Liverpool and a Degree in Marketing.

He has served on various Boards and Committees including Ghana National Gas Company as Chairman of Finance & Sub-Committee. A founding member of the Association of Oil Marketing Companies and member of the Unleaded Gasoline Implementation Committee of the Ministry of Energy (2003).

He is also a traditional leader under the stool name, Togbi Joachim Acolatse V. (Dufia of Kedzi) in the Volta Region.

## SURV. PROF. FORSTER KUM-ANKAMA SARPONG (DIRECTOR)

Surveyor Professor Forster Kum-Ankama Sarpong is a Real Estate developer for over 20 years. Recently his Company constructed and implemented a 34-villa gated community in East Legon, Accra and the Fasthouse (UK) Building Technology in Ghana respectively. He worked previously with the Lands Commission Secretariat (1991/1992) and Inusah & Co-Valuation Firm (1992/1993) and was thus involved in a number of valuations and compensation assessments, such as the resettlement of occupants of the land compulsorily acquired by the Ghana Government for the construction of the Kanda Highway, Accra.

Currently, Finance Lead of the National Policy Peer Review Group of the Chartered Institute of Bankers, Ghana. He is a Member of Irish University Business School (UK)'s University Council. He is a Specialized Project Manager & Companion of the Institute of Management Specialists (UK). A Fellow of the Chartered Economists (Ghana) and also Fellow of Chartered Financial Managers (USA). Member of Chartered Institute of Bankers as well as a Member of the Ghana Institution of Surveyors. He chairs the Boards of both Tradezone International Foods and the Ghana Branch of China-Arab & Africa Business Union.

A professor of Financial Science and former Adjunct Lecturer in Finance at the Regent University College of Science and Technology, Accra. He has to his credit a number of articles in newspapers and peer reviewed journals. He was Co-Editor with Prof. Agam Nag (India) and Prof. Samuel Lartey (Ghana) of the 546 page "Recent Trends in Business Management & Information Systems" – (Singapore 2016).

He holds a Doctor of Philosophy in Business Administration (CASS), from Ghana Communications Technology University (2019) and also a Doctorate in Financial Management from the Institute of Professional Financial Managers, UK (2015). A Master of Business Administration (Finance), University of Ghana, Legon (2004) and a Bachelor of Science in Land Economy, KNUST Ghana (1991).

## HON. AKWASI KONADU – (DIRECTOR)

Hon. Akwasi Konadu is the incumbent Member of Parliament (MP) for Manhyia North Constituency in the Ashanti Region of Ghana. He hails from Paakoso also in Ashanti Region.

Hon. Konadu is a product of Opoku Ware Secondary School. He holds a Bachelor of Arts (BA) degree in Sociology with Philosophy from University of Ghana, Legon a Master of Science (MSc) degree in Development Policy and Planning from the Kwame Nkrumah University of Science and Technology (KNUST). Hon. Konadu, also holds a Diploma in Education from the University of Education - Winneba (Kumasi Campus) now the Akenten Appiah-Menka University of Skills Training and Entrepreneurial Development and Certificates in Corporate Finance, Investment Analysis and Portfolio Management and also Securities Trading from the Ghana Stock Exchange. Currently, he has successfully completed part two of a three-part examination with the Association of Chartered Certified Accountants (ACCA-UK) and holds an ACCA Achievers award for Accountants in Business.

Hon. Konadu, has over 6 years working experience in Accounting and Auditing services at the KDA Accounting Services and Opoku Trading and Rural Service both in Kumasi. He served as an Audit Assistant while at KDA Accounting Services and subsequently as a Senior Accounts Officer in charge of internal controls at Opoku Trading and Rural Service. He served in both positions simultaneously up until 2017 when he joined Greenfields Management Limited as the Operations Manager for the Ashanti Region until 2020.

Hon. Konadu is a member of the Committee on Health and Committee on Poverty Reduction Strategy, in the 8th parliament of Ghana.

## ING. HADISU ALHASSAN
## (WORKERS' REPRESENTATIVE) DIRECTOR

Ing. Hadisu Alhassan joined Ghana Water Company Limited in 2006 as a National Service person and was retained after the service. He worked at the Weija Water Treatment Plant where he headed the Water Quality Assurance Department. During this period, he implemented robust measures that optimized chemical usage and addressed lapses that saved the Company 730 metric tons of alum annually.

He was moved to the Brong-Ahafo as the Production Manager in 2017, a period within which he astutely managed the water crises that bedeviled the Sunyani Metropolis between January and March 2017. Between 2017 and 2021, he was a key member in the evaluation of the Wenchi, Sunyani and Techiman, Atebubu-Amantin and Dormaa Water Supply Projects. He is currently the Production Manager of the Ashanti Production Region from 2009 to date and has lectured at the Ghana Water Training School.

He holds a Master of Applied Science degree in Civil Engineering from University of British Columbia (UBC) Canada and a Bachelor of Science degree from KNUST. He is a PhD Candidate in Civil Engineering at the UBC, Canada. In 2021 he was elected unopposed by the GWCL Union as its Workers' Representative on the GWCL Board.

# MINISTRY OF FINANCE

**SHAREHOLDER:**
GOVERNMENT OF GHANA

**HONOURABLE MINISTER:**
HON. KEN OFORI-ATTAH

HON. DR. JOHN A. KUMAH, MP

HON. ABENA OSEI ASARE, MP

# MINISTRY OF PUBLIC SECTOR ENTERPRISES

**SHAREHOLDER:**
GOVERNMENT OF GHANA

**HONOURABLE MINISTER:**
HON. JOSEPH CUDJOE, MP




**SHAREHOLDER:**
GOVERNMENT OF GHANA

**REPRESENTED BY:**
STATE INTERESTS AND GOVERNANCE AUTHORITY (SIGA)
AMB. EDWARD BOATENG - DIRECTOR-GENERAL

**SHAREHOLDER:**
GOVERNMENT OF GHANA

**SECTOR MINISTRY:**
MINISTRY OF SANITATION & WATER RESOURCES

**HONOURABLE MINISTER:**
HON. CECILIA ABENA DAPAAH

**HONOURABLE DEPUTY MINISTER:**
HON. AMIDU CHINNIA ISSAHAKU, MP

# Management Team:

**ING. DR. CLIFFORD ABDALLAH BRAIMAH**, MANAGING DIRECTOR

**MR. REMY BONPIRA PUORU**, DEPUTY MANAGING DIRECTOR (FINANCE/ADMIN.)

**ING. PETER DE-VEER**, DEPUTY MANAGING DIRECTOR (SPECIAL PROJECTS/ OPERATIONS)

**MR. FRANCIS S. BOAKYE**, GENERAL MANAGER (KPONG WATER BOTTLING PLANT)

**MRS. JEMIMA TOSEAFA**, CHIEF MANAGER (LEGAL SERVICES/COMPANY SECRETARY)

**MR. JAMES A. ABBEY**, CHIEF MANAGER (FINANCE)

**MRS. MARGARET MACAULEY**, CHIEF MANAGER (WATER QUALITY ASSURANCE) AND AG. CHIEF MANAGER (WATER RESOURCES)

**ING. MICHAEL BOTSE-BAIDOO**, CHIEF MANAGER (CORPORATE PLANNING, MONITORING & EVALUATION)

**MR. STANLEY MARTEY**, CHIEF MANAGER (PUBLIC RELATIONS & COMMUNICATIONS)

**ING. RICHARD APPIAH OTOO**, CHIEF MANAGER (OPERATIONS)

**MR. CHRISTIAN S. K. SIAWOR**, CHIEF MANAGER (SPECIAL DUTIES)

**MRS. CYNTHIA AFOLEY ACKAH**, CHIEF MANAGER (COMMERCIAL)

**MR. STEPHEN DAMPARE**, CHIEF MANAGER (MATERIALS)

**MR. JONAS ANNAN**, CHIEF MANAGER (BUSINESS DEVELOPMENT)

**MS. EVA E. NAA AKU ANKRAH**, CHIEF MANAGER (HRAS)

**MR. EMMANUEL OPOKU**, CHIEF MANAGER (HR - SPECIAL DUTIES)

**MRS. FAUSTINA BOACHIE**, CHIEF MANAGER (LICSD)

**ING. AGYEI BOATENG**, CHIEF MANAGER (PROJECT PLANNING & DEV.)

**ING. FRANCIS AWOTWE**, CHIEF MANAGER (OPERATIONS)

**MR. RAFUI ADEOYE**, AG. CHIEF MANAGER, (INTERNAL AUDIT)

**MR. KUDJO ANKU**, AG. CHIEF MANAGER (LANDS/ESTATES)

**MR. STEPHEN TSETSEKPLE**, AG. CHIEF MANAGER (TECHNOLOGY & INNOVATION)

# Regional Chief Managers:

**ING. EMMANUEL A. JOHNSON**, ACCRA EAST

**DR. SAMUEL ASON**, ACCRA WEST

**ING. AMIDU MUSAH**, TEMA

**MR. CHARLES TULASHIE**, ATMA PRODUCTION

**MR. KWASI Y. ABEBRESE**, CENTRAL

**ING. EDWARD AGYEKUM**, ASHANTI SOUTH

**MR. FRANCIS MENSAH**, ASHANTI NORTH

**MR. HANSON MENSAH-AKUTTEH**, ASHANTI PRODUCTION

**ING. MAC-DOE HANYABUI**, WESTERN

**ING. ASOMANI NYARKO**, EASTERN

**MRS. SERENA KWAKYE-MINTAH**, BONO/BONO EAST/AHAFO

**ING. FRANCIS LAMPTEY**, VOLTA/OTI

**ING. ERIC KWOFIE**, NORTHERN REGION

**MR. SETH ATIAPAH**, UPPER EAST

**ING. STEPHEN AMIHERE**, UPPER WEST

**MR. ALBERT NYENTENG**, BASE WORKSHOP

**MR. MAJEED ABUDU**, DRILLING

# CHAIRMAN'S STATEMENT

## Introductory Remarks

It is my pleasure and privilege to welcome you all to the 4th Ghana Water Company Limited Annual General Meeting and present to you on behalf of the Board our report for the 2020 Financial Year.

The 2020 Financial Year was a very challenging and difficult one particularly because of the social, business and economic disruptions occasioned by the COVID-19 Pandemic globally.

Your company adapted quite well to the challenges by adopting proactive solutions to mitigate the impact of the pandemic. As a result, we were able to make progress towards our primary goal of producing and delivering potable water to our customers in all urban communities in Ghana.

## Political Environment:

The year 2020 was an election year and this came with its anxieties and uncertainties. These notwithstanding we enjoyed a stable political atmosphere which created an enabling environment for the smooth running of your Company. Accordingly the Board of Directors, the Managing Director and the Deputy Managing Directors as appointed by the President of the Republic of Ghana were retained in office.

## Economic Environment:

The epidemic brough with it unprecedented challenges to the businesses, communities and individuals Government responded by implementing stimulus packages, regulatory reliefs and other interventions to cushion individuals and businesses from the impact of the pandemic. Among these were the President's directive to provide free water to our domestic customers.

Your company mounted 645no. Rambo 10,000 litre capacity polytanks at vantage points to serve deprived communities nationwide. In addition, a total of 118no. private tankers were deployed across the whole country to supply free water to deprived areas.

Despite these measures, macro-economic factors such as inflation and exchange rate fluctuations had a direct bearing on GWCL's ability to deliver on its core mandate. Inflation increased from 7.9% in December 2019 to 10.4% in December 2020. The cedi depreciated against the US dollar by 3.9% in 2020 as against 12.9 in 2019 (2020 Bank of Ghana Report). The net effect of these macro-economic factors resulted in a net price increase for GWCL inputs as compared to 2019.

**Social Environment:**

Your company is continuously working to gradually change the mindset of customers from seeing water as a social commodity rather than a good with economic value. So often than not customers do not assign priority to the payment of water bills resulting in reduced revenue. In 2020, this affected the level of profitability of your company.

Notwithstanding the drive for prompt and regular payments of bills, GWCL continues to seek the welfare of low-income urban dwellers. Our Low-Income Customer Support Unit (LICSU) has now been elevated to a directorate status to provide support services to the low-income earners who otherwise could not have afforded new service connections to obtain same at affordable rates. The activities of this department, since its inception, has helped widen the company's coverage area whilst increasing revenue.

Through LICSD GWCL continued partnership with key stakeholders in providing related services within water, sanitation and hygiene education to some communities and schools through the (WaSH) Programme and Water Worx. The result of these partnerships has brought a lot of goodwill to the company. We continue to leverage this to improve on service delivery to our customers.

**Technological Environment:**

As part of its 2020 Business Plan your company adopted the upscaling of incorporation of innovation and technology in our business processes. The onset of Covid-19 overly demonstrated the timelines of this decision. We optimized the leveraging of technology into operational and commercial excellence with the e-billing project remaining our flagship programme. Many of our engagments were conducted virtually using the various communications platforms offered by the Technology and Innovation department.

**Corporate Governance:**

Rigorous and effective corporate governance is essential for the long-terms success of the company. The Board therefore remains committed to fulfilling its corporate governance obligations and responsibilities in the best interest of the company and its shareholders by adhering to best practice corporate governance protocols as well as other relevant policies.

**Legal and Regulatory:**

In the year under review, we continued to enjoy a harmonious relationship with our regulatory agencies such as Water Resources Commission, Public Utilities Regulatory Commission (PURC), Environmental Protection Agency (EPA), States Interests and Governance Authority, Energy Commission etc.

GWCL is currently working with relevant institutions to have an overarching legislation passed that will regulate its operations and customer service among others.

**Sustainability:**

Some water sources dried up as a result of climate change during the year 2020. Customers within these catchments were dissatisfied whiles the company lost revenue. The Company commenced discussions on circular economy to eliminate waste and invest in green energy. The Barekese, Mampong and Weija Treatment plants have therefore been slated for the installation of mini-hydro plants.

In other areas, 'galamsey' activities continued to adversely affect the quality of the raw water abstracted for treatment leading to increased cost of treating water, sometimes, to the extent of destroying our equipment. In some cases, the company had to shut down in its operational areas because the raw water parameters were beyond treatable levels.

**Achievements:**

Management of water services was significantly successful despite the difficult operating environment of year 2020. Covid-19 came in strongly resulting in a 21-day nation-wide lock down which affected the company as well. With the exception of the very critical installations, most of our offices were closed during this period. After lock-down, we decongested our offices by using half of the staff at a time. The company also practiced working virtually from home.

We continue to abstract water from the various rivers that flow into and through the country as well as extracting from the deep subterranean aquifers of the country in areas of inadequate surface buffers. We abstract, treat, transmit and distribute water for sale to our dear customers in urban and peri urban communities. The quality of the water is checked at every stage of this process and transported hundreds of kilometres until it is brought to your homes. We encourage that our water is used judiciously.

In 2020 we continued to fight the war against Non-Revenue Water. The initial stages of the action plan (to install production meters) started in the latter part of the year, to be rolled over into the year 2021. We however achieved our all-time best in the year as a result of increased consumption of water for the covid-19 protocol of washing hands. The government's policy to absorb all domestic consumption removed the barrier of usage thus all consumers maximized their usage. Our doors

are still open for proposals and invitation to all and sundry interested persons to partner us in this direction.

Our metering ratio improved by 15% to 85% in 2020 with an effective ratio of 68%. The company worked towards metering all consumer connections in addition to metering major supply lines to monitor losses due to pipeline leakages and illegal connections. We continued our smart metering project and hope that in the next few years we shall have most of our connections smart metered to take advantage of their communication functions.

In 2020 we continued to comply to the standards set for the water quality major indicators (turbidity, color, pH, E. coli and residual chlorine). Water produced by your Company is free from disease-causing organisms and kept wholesome throughout the supply chain by ensuring that the required residual chlorine is maintained all over the supply area. The use of polyelectrolyte as an alternative for Aluminum Sulphate is now widely used in the Ashanti region and plans are far advanced for a full-scale application in the Eastern and Central regions with pilot programs in some other systems such as Daboase in the Western region and Dalun in the Northern region.

The company undertook a few infrastructural development projects which include the GAMA Sanitation and Water Project and the Sogakope-Lome Water Project. The Upper East Water Supply Project was about 75% completed with fifteen other projects having commenced and in the pre-construction phase.

The staff of the company, our employees and most cherished assets remain very valuable and are strategically positioned to guarantee their optimal output. Staff conditions of service was systematically improved to keep them motivated. Continuous improvement in staff capacity is our bedrock so employees can stay relevant in their areas of expertise, so in 2020 various staff training programs were held both locally and abroad.

We continued to monitor and evaluate all programs, projects and operations and we believe that our decision to use Performance Improvement Programs to run our businesses has been significantly successful and in the right track. The PIP programs continued to offer incentives, bonuses to staff who achieved their targets whiles at the same time applying sanctions to managers who failed to reach their baseline performance.

**Summary results:**

The water production in 2020 was 324.8 $Mm^3$, an increase of 4.1% (12.7 $Mm^3$) over the target and a further 6.7% (20.5 $Mm^3$) over the 2019 production figure of 304.3

$Mm^3$. Water sold was 198.4 $Mm^3$ representing 17.6% (29.7 $Mm^3$) and 32.4% (48.5 $Mm^3$) above the target and 2019 sales figures respectively. The company's total billing of GH₵1.35 million was above the target for the year by 13.8% (GH₵164.5 M) and also above the 2019 figure by 45.9% (GH₵426.1M).

The total collection as at 31st December 2020 was GH₵1.1755 billion which is 3.7% (GH₵42.06 M) above the target of GH₵1.1334 billion and 57.3% (GH₵428.19 M). The total collection ratio for the year was 86.2%, a decrease of 8.8% below the target and 4.7% above the previous year's performance.

Private collection in 2020 was GH₵1.2766 billion. The collection showed an increase of 36.8% (GH₵343.28 M) when compared to the target and a further increase of 76.0% (GH₵551.38 M) when compared to that of 2019. Private Collection Ratio (without MDAs) was 94.8% which is 2.2% lower than the planned figure and 1.2% lower than that of 2019.

**Dividend:**
No dividends were declared in 2020.

**Appreciation:**
Ladies and Gentlemen, we have made good progress in spite of the challenges that came with Covid-19.

On behalf of the Board, I would like to express my sincere appreciation to the Management and Staff of GWCL for their commitment and dedication throughout the Covid pandemic, going the extra mile in 2020 to grow the business and ensuring that we deliver value to all our stakeholders'.

To our cherished customers you are the reason why we remain in business, we say thank you for your custom.

Respectfully I would like to recognize the support of our shareholders and say a big thank to them for the opportunity to be of service.

**Hon. Patrick Yaw Boamah (MP)**
**Chairman**

# MANAGING DIRECTOR'S STATEMENT

On behalf of Management I am pleased to report on the performance of Ghana Water Company Ltd, for the year ending 2020.

**Financial Performance**

Our Financial Performance declined marginally over the last year providing a reason for us to improve on our performance for the next fiscal year. In 2020, the company's total cost of operation was GH₵2,279,721,995 compared to the previous year's GH₵3,546,164,658. This posted a gross loss of GH₵135,518,788 which is 63.0% (GH₵230,546,339) worse than the 2019 gross loss of GH₵366,065,127. Altogether, GWCL ended 2020 with a net loss of GH₵938,832,174 against the previous year's GH₵2,620,348,039 representing 64.2% (of GH₵1,681,515,865).

Private Collection Ratio (Without MDAs) was 94.8% which is 2.2% lower than the planned figure and 1.2 lower than that of 2019. Total Revenue as at 31st December 2020 was GH₵1.3409 billion resulting in a positive variance of 7.2% (GH₵90.64 milliion) compared to its target of GH₵1.2502 billion and above the 2019 value by 44.8% (GH₵415.07 million).

GWCL continues to adopt innovative ways in reducing cost and improving revenue in the ensuing year. These will include the comprehensive and aggressive meter installation program, energy management and general prudent practices.

**Customers**

In recent years, we made great strides in increasing our customer strength. In addition to the numbers, we improved upon our customer satisfaction through better operational performance. Nevertheless, we cannot overlook the numerous and significant customer related challenges we encountered which included meter by-passes, meter vandalism and meter tampering. It is appropriate to acknowledge and appreciate the enormous effort of our employees, partners and other stakeholders in assisting us in this regard. We humbly encourage them to continue in the provision of such support.

**Water Quality Incident**

The Company achieved all Water Quality targets and applied best practices in the treatment of water. We continued in the piloting of polymers and the results are promising.

The Company still struggled with the illegal mining menace which leaves the water bodies very polluted and, in some cases, untreatable. The same contributes to the increasing cost of chemicals.

In other cases, climatic changes affected some water bodies and resulted in them drying out whilst other intake points got flooded resulting in the suspension of operations.

**Continuous Improvement**

The Organization saw a holistic improvement in operations especially in water sales, billing, collection and aesthetic. This was as a result of the Performance Improvement Program. The underlying competitive spirit of the programs brought out the very best in our employees who continued to give their best and strive towards smart targets assigned.

**Economic Environment**

We have had a diverse mix of customers, many of whom are economically deprived. We have more customers who struggle to pay, with customer indebtedness continuing to be a significant challenge for us.

We therefore placed significant focus on helping customers who struggled to pay and continued to offer a wide range of means to help them back into regular payment.

We proposed a new social tariff for Low Income Customers. Our new GAMA project supported consumers who are willing to have service connections but have financial difficulty.

**Corporate Planning**

Our Strategic Direction Statement, "Becoming a world class utility company" has been the energy behind everything we do; our operations and engagement with customers and other stakeholders in creating our best view of what the next 5 years

hold for our company and the urban areas where we operate in. This includes economic, social and environmental developments.
We aim to build on our notable achievements from 2020-2021 planning period and remain highly focused on delivering the best service to customers, at the lowest sustainable cost, while acting in a responsible manner.

**Employees**
We would not have been able to deliver the significant improvements for customers in the previous year without the keenness and commitment of our employees. We are proud of their unrelenting dedication and of our sub-contracting partners who have worked very hard all year round in supporting customers and we would like to thank them for their significant contribution.

We remain focused on maintaining high levels of employee engagement. We have been successful in attracting and retaining good people and have continued to expand our management trainee and operator training programs, with many now having secured permanent roles across our business.

Health and safety was and will continue to be our key focus area and we will strive for continuous improvement.

**Key Initiatives**
***The Desalination Plant:*** The Desalination Plant resumed operations after almost a year of no operations. GWCL so far has been trying to make the best use of the plant.

***Status of Key Projects:*** The following are the status of some projects embarked on in the year under review:

The Sogakope-Lome Transboundary Water Supply Project continued earnestly. A draft final feasibility study and preliminary design report was submitted for GWCL's consideration and further action. The time schedule was also revised by the consultants to meet the project deadline.

A sod-cutting ceremony was held on 29th January, 2020 in the presence of the Sector Minister amongst other high ranking officials and stakeholders for the Upper East Region Water Supply Project. By the end of 2020, 85% of the total design and 14.8km of HDPE transmission pipeline of various sizes had been laid.

A contract was signed at the close of 2020 by the Government of Ghana for the commencement of the Services for the Enhancement of Nationwide Water Management Project. In 2020, under the project, pilots were done for leakage detection and Hydraulic modelling in Kaneshie district (Accra West Region) and Tema Region respectively.

GWCL continued to undertake the GAMA Sanitation and Water Project meant to improve water service delivery to selected low-income communities in the GAMA area. Against a target of 3,500, New Service Connections to households in Low-Income Urban Communities totalled 10,040. Also, under this project, a Master Plan and Technical Design Report on telemetry system for GAMA was prepared.

To further reduce system losses, a number of pipeline replacement/improvement works, reservoir maintenance and water treatment plant repair works were pursued at a cost of GH₵18.5 million Ghana Cedis.

**Technology and Innovation:**

The Company in 2020 continued to leverage upon Technology and Innovation to drive operational and commercial excellence. The piloting of electronic billing (e-Billing) was completed and the scaling up began. The scaling up also included e-collection modules. The e-Billing project has afforded customers the convenience of receiving their bills electronically via e-mails and SMS whilst making payments using major mobile money platforms as well as through online banking applications of permitted banks.

The GWCL Customer App, also developed under the e-Billing project has allowed customers to interact conveniently on their smart phones with the company, file complaints and get immediate feedback. Other activities we employed technology for are Asset Validation and Mapping, Telemetry and Network Modelling projects. The Asset Validation and Mapping project which we continue to scale up has made it possible for all GWCL spatial assets to be mapped using a GWCL prescribed GPS.

Also, the Telemetry project being implemented within the GAMA water supply area is to make flow, pressure level and water quality data readily available and/or on demand for improved operational efficiency.

The Network Modelling project which is also being carried out mainly in the GAMA area is to simulate network operations and provide reliable prediction of the behaviour of the network under various conditions.

Suffice it to add that, all these technological interventions were deployed to demonstrate GWCL's continuous resolve to reducing Non-Revenue Water.

The company continued to embark on a protection of all her technology systems through the Cyber Security project. The objective was to get rid of all the vulnerabilities in the IT network of GWCL and make it credible for other innovations to thrive.

**Challenges:**

The Company, as expected experienced some challenges and we hope to have these addressed as we plan. These include:

1. The Declining levels of some water bodies due to illegal mining and climate change.
2. Increasing Operational costs due to high inflation and its attendant depreciation of the cedi.
3. High Non-Revenue Water
4. Old dilapidated systems and inadequate treatment sewer capacity
5. Difficulty in the management of the Desalination plant contract.

**Outlook:**

We are assertive that we can build on our strong operational and financial performance and improve further as we progress through the New Year ahead of us. We will continue to leverage on Technology and Innovation to drive our operations and business. We are implementing as much as possible the projects in our Development Plan and substantial investment in our assets will continue driving benefits for our customers. Our progress so far provides confidence in delivering our targets.

We shall continue to be guided by the principles of good corporate governance. I acknowledge the role and dedication of the Management and staff in ensuring that the Company continues to add value to our customers and stakeholders.

It is to be expected that we perform the external targets signed with our shareholders in our 2020 Performance Contract. On behalf of all Directors of this company I pledge our unflinching support towards continuous hard work.

**Ing. Dr. Clifford A. Braimah**
**Managing Director**

# GHANA WATER COMPANY LIMITED

# ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2020

Prepared by

AIKINS-HAWKSON & ASSOCIATES

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**JUNE 2022**

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## Corporate information

| | | |
|---|---|---|
| **Directors:** | Hon. Alexander Afenyo-Markin | Chairman |
| | Ing. Dr. Clifford A Braimah – Managing Director | Member |
| | Mr. Noah Tumfo | Member |
| | Mr. Michael Ayesu | Member |
| | Hon. Kwame Amporfo Twumasi | Member |
| | Mr. Naba Sigri Bewong | Member |
| | Mrs. Serena Kwakye-Mintah | Member |
| | Mad. Maria Aba Lovelace-Johnson | Member |
| | Professor Forster Kum Ankama Sarpong | Member |
| | Mr. Clement Alosebuno Kaba | Member |
| | Mr. Alexander Bonney | Member |

**Secretary:** Mrs. Jemima Toseafa

**Registered office:** 28th February Road
P O Box M194
Accra, Ghana

**Auditors:** Aikins-Hawkson & Associates
Chartered Accountants
Christian Village Junction El's Place,
Second Floor
Achimota-Accra
P. O. Box MP 1559
Mamprobi-Accra
Office Telephone: 030 293 1368
Mobile : 024 2 00 7750

**Bankers:** GCB Bank Limited
CalBank PLC
Société Générale Ghana
Agricultural Development Bank (ADB) Limited
Ecobank Ghana Limited
National Investment Bank Limited

Business model and strategy

# 1 Operations' Review

## 1.1 Our Key Figures

**Table of 1 - Summary of Key Figures**

| | unit | 2020 Target | 2019 | 2020 | %Var (Target-20 |
|---|---|---|---|---|---|
| Customers | | | | | |
| Number of customers as at 31 Dec | x 1,000 | 728 | 708.8 | 770.0 | 5.8% |
| Average water tariff | Gh ¢/m³ | 7.05 | 6.017 | 6.603 | (6.3%) |
| Production | | | | | |
| Raw water abstracted | M m³ | 327.7 | 322.6 | 344.3 | 5.1% |
| Water produced | M m³ | 312.067 | 304.3 | 324.813 | 4.1% |
| Water Sold | M m³ | 161.314 | 149.9 | 198.400 | 23.0% |
| process loss | % | 5.00 | 5.7 | 5.7 | 13.2% |
| Average daily production | 1000 m³ | 855.0 | 833.767 | 889.899 | 4.1% |
| Daily capacity utilization | % | 95.0 | 62.1 | 88.4 | (6.9%) |
| Financials | | | | | |
| Total income | M GH ¢ | 1,250.25 | 925.82 | 1,345.15 | 7.6% |
| Water revenue | M GH ¢ | 1,188.91 | 901.96 | 1,310.06 | 10.2% |
| Total collection | M GH ¢ | 1,129.47 | 747.32 | 1,175.51 | 4.1% |
| Collection ratio(govt+private) | % | 95.00 | 81.56 | 86.23 | (9.2%) |
| Private Collection Ratio | % | 97.00 | 95.99 | 94.83 | (2.2%) |
| Non-revenue water | % | 45.93 | 49.98 | 45.93 | 0.0% |
| Depreciation | M GH ¢ | 765.03 | 790.21 | 808.97 | 5.7% |
| Operating cost | M GH ¢ | 1,933.94 | 1,268.02 | 1,473.19 | (23.8%) |
| Electricity cost | M GH ¢ | 285.28 | 316.46 | 375.45 | 31.6% |
| Chemical cost | M GH ¢ | 50.3 | 44.4 | 38.5 | (23.4%) |
| Operating cost/water produced | GH ¢/m³ | 6.20 | 4.167 | 4.536 | (26.8%) |
| operating cost/authorised consumption | GH ¢/m³ | 11.99 | 8.460 | 7.425 | (38.1%) |
| Electricity cost/m3 | GH ¢/m³ | 0.914 | 1.040 | 1.156 | 26.4% |
| Chemical cost/m3 | GH ¢/m3 | 0.161 | 0.146 | 0.119 | (26.4%) |
| operating ratio | % | 154.7 | 137.0 | 109.5 | (29.2%) |
| Gross Profit/(loss) | M GH ¢ | (683.69) | (366.07) | (163.13) | (76.1%) |

Business model and strategy

| Table of 1 - Summary of Key Figures | unit | 2020 Target | 2019 | 2020 | %Var (Target-20) |
|---|---|---|---|---|---|
| Net Surplus/(deficit) | M GH ¢ | (902.09) | (1,885.17) | (182.55) | (79.8%) |
| **Employees** | | | | | |
| Staff as at 31 December | fte | 5049.0 | 4622.0 | 5058.0 | 0.2% |
| Labour productivity | Gh ¢ | 247,624 | 200,306 | 265,946 | 7.4% |
| Staff/1000 connections | # | 6.9 | 6.5 | 6.6 | (5.3%) |

## 1.2 Water Production

We recorded a total volume of 324.8Mm3 for the year 2020 showing an increase of 6.73% (20.49Mm3) over that for 2019. The production performance is 4.08% (12.75Mm3) higher than the target for the year. The following factors contributed to the increase in water production for 2020:

- In Volta:
  Production performance was as a result of improved performance of the newly installed high lift pump at Agordome headworks and the replacement of bulk meters at Kpeve headworks which has enhanced accuracy of production figures.

- In Upper East Region:
  Low system treatment losses due to improved quality of raw water at Bolgatanga WTP.
  Newly laid DN315 HDPE pipeline augmented raw water supply to Bolgatanga intake that was hitherto, solely supplied by weak 300mm AC pipeline that easily give way.
  Eight number (8No.) high-yield boreholes at Navrongo came on stream after replacement of defective transformer and control panels.
  Continuous production at Bawku due to modification in the operational regime of the 16No. borehole system.

- In the Central Region:
  Improved production due to increased capacity of contact chamber/tank at Kwayanku old works.
  The defective intake pumps at Sekyere-Heman headworks have been replaced with new pumps (3No.).
  Efficiency of filtration process at Brimsu old works has increased due to replacement of sand media at the filter stations.
  Increased running time of pumps at Essarkyir headworks and its corresponding increase in water demand.

- In the Brong-Ahafo Region:
  Improved raw water levels in Berekum partly accounted for the high performance in production. Also, improved quality of power supply at Biaso extended the operating hours of the system leading to an increase in total production in the region.

## Business model and strategy

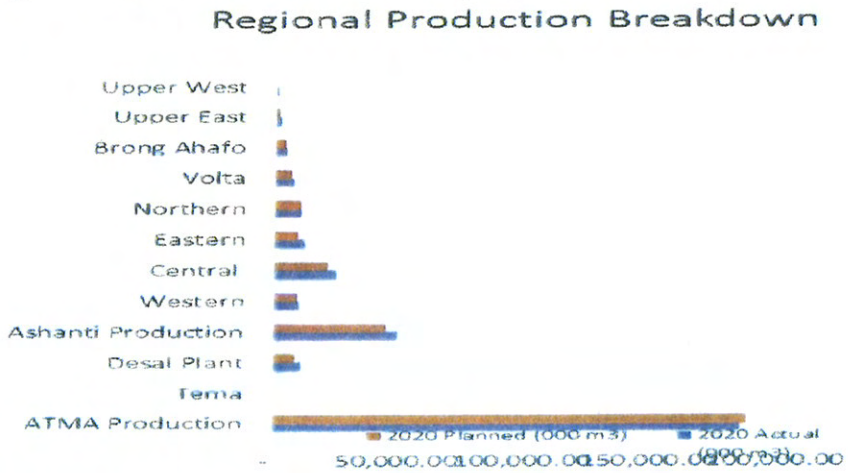
- In the Upper West:
  Intensive mains extension works coupled with improved customer strength and its associated water demand has resulted in improved water production at the Jambusie plant. An estimated length of 56.9km of mains extension works of pipe diameter ranging from 100mm - 150mm were completed in the region between the years 2019 to 2020. As a result, customer strength in the region has increased from 4,063 at 4th quarter of 2019 to 6,267 at 4th quarter of 2020 representing 54% growth in customer strength during this period.

The details of the production report are in Table 2 below.

**Table 2 – Water Production**

| Region | Production | | | | |
|---|---|---|---|---|---|
| | 2020 Actual (000 $m^3$) | 2019 Actual (000 $m^3$) | 2020 Planned (000 m3) | Variance (000 m3) | Relative Contribution |
| ATMA Production | 186,072.79 | 181,305.50 | 188,673 | (2,600) | 57.3% |
| Tema | | | | | |
| Desal Plant | 11,693 | 8,187.606 | 9,500 | 2,193 | 3.6% |
| Ashanti Production | 49,853 | 45,654 | 44,946 | 4,907 | 15.3% |
| Western | 10,721 | 10,987 | 10,158 | 563 | 3.3% |
| Central | 25,245 | 21,645 | 21,842 | 3,402 | 7.8% |
| Eastern | 12,308 | 10,484 | 10,194 | 2,114 | 3.8% |
| Northern | 11,510 | 11,143 | 11,400 | 110 | 3.5% |
| Volta | 8,009 | 7,206 | 7,324 | 685 | 2.5% |
| Brong Ahafo | 5,324 | 4,708 | 4,763 | 561 | 1.6% |
| Upper East | 2,553 | 2,216 | 2,405 | 148 | 0.8% |
| Upper West | 1,525 | 791 | 860 | 665 | 0.5% |
| **TOTAL** | **324,813** | **304,325** | **312,067** | **12,746** | **100.0%** |

**Figure 1 Water Production**




ATMA Production recorded the highest water production of 57.3% followed by Ashanti (15.3%). Both ATMA and Ashanti contributed over 72.6% of the total water produced.

## 1.3 Quality of Water Produced

### 1.3.1 Water Quality Assessment and Chemicals Usage Report

Results of water quality assessment of the raw water, treated water, distributed water and consumption of water treatment chemicals for 2020 are summarized below.

### 1.3.2 Water Treatment Chemicals Consumption

The consumption and cost of water treatment chemicals applied to ensure delivery of safe drinking water during the period under review are summarized in tables 2 and 3 below. The usage of the major water treatment chemicals is high due to the onset of the minor rainy season and the mining activities.

Total quantity of 9,566,638kg of Aluminum Sulphate, 1,035,808kg of Hydrated Lime, 806,324Kg of Chlorine Gas, 583,101.44Kg of Calcium Hypochlorite, 20,608Kg of Potassium Permanganate, 2,050Kg of Soda Ash, 430Kg of Activated Carbon and 1,441,821Kg of Polyelectrolytes were used to treat water during the period under review translating into a total cost of GH¢39,008,743. Details can be found in Table 3, 4 and 5 below.

**Table 3 – Total Consumption of Water Treatment Chemicals in 2020**

| REGION | WATER TREATMENT CHEMICALS CONSUMPTION FOR , 2020 ( ANNUAL) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| REGION | Aluminium Sulphate(Kg) | Lime (Kg) | Gas (Kg) | Hypochlorite( Kg) | Tablets( Kg) | Soda Ash (Kg) | KMnO (Kg) | AC (Kg) | Polymer (Kg) |
| WEIJA | 3,398,535.00 | 167,970.00 | 207,410.00 | 88,998.75 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Kpong | 17,200.00 | 141,374.00 | 296,363.00 | 151,636.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| ASHANTI | 635,075.00 | 52,300.00 | 117,039.00 | 21,223.00 | 65.00 | 0.00 | 333.00 | 430.00 | 1,441,821.42 |
| WESTERN | 1,460,750.00 | 210,875.00 | 41,371.00 | 36,055.75 | 44.00 | 2,050.00 | 0.00 | 0.00 | 0.00 |
| CENTRAL | 2,095,309.00 | 248,216.00 | 77,882.00 | 102,371.00 | 30.00 | 0.00 | 20,275.00 | 0.00 | 0.00 |
| EASTERN | 550,770.00 | 37,798.00 | 12,199.00 | 89,868.75 | 120.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| NORTHERN | 782,425.00 | 69,335.00 | 19,219.00 | 9,787.50 | 40.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| VOLTA | 17,530.00 | 17,703.00 | 19,056.00 | 20,501.25 | 80.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| BRONG AHAFO | 402,504.00 | 56,749.00 | 0.00 | 49,607.16 | 78.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| UPPER EAST | 102,450.00 | 17,248.00 | 0.00 | 12,712.28 | 48.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| UPPER WEST | 113,990.00 | 16,240.00 | 15,785.00 | 340.00 | 30.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Total ( Kg)** | **9,566,638.00** | **1,035,808.00** | **806,324.00** | **583,101.44** | **535.00** | **2,050.00** | **20,608.00** | **430.00** | **1,441,821.42** |

**Table 4 - Total Cost of Water Treatment Chemicals in 2020**

| REGION | WATER TREATMENT CHEMICALS CONSUMPTION AND COST FOR , 2020 ( ANNUAL) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Alum ( GHS) | Lime (GHS) | Gas (GHS) | Hypochlorite( GHS) | Tablets( GHS) | Soda Ash (GHS) | KMnO (GHS) | AC (GHS) | Polymer (GHS) | Total (GHS) |
| WEIJA | 4,995,846.45 | 245,236.20 | 1,402,091.60 | 511,742.81 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | **7,154,917.06** |
| Kpong | 25,284.00 | 206,406.04 | 2,003,413.88 | 871,907.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | **3,107,010.92** |
| ASHANTI | 933,560.25 | 76,358.00 | 791,183.64 | 122,092.25 | 323.70 | 0.00 | 9,190.80 | 5,848.00 | 13,985,667.77 | **15,924,164.41** |
| WESTERN | 2,132,602.50 | 307,877.50 | 279,667.96 | 207,320.56 | 219.12 | 4,018.00 | 0.00 | 0.00 | 0.00 | **2,931,705.64** |
| CENTRAL | 3,080,104.23 | 362,395.36 | 526,482.32 | 588,633.25 | 149.40 | 0.00 | 559,590.00 | 0.00 | 0.00 | **5,117,354.56** |
| EASTERN | 809,631.90 | 55,185.08 | 82,465.24 | 516,745.31 | 597.60 | 0.00 | 0.00 | 0.00 | 0.00 | **1,464,625.13** |
| NORTHERN | 1,150,164.75 | 101,229.10 | 129,920.44 | 56,278.13 | 199.20 | 0.00 | 0.00 | 0.00 | 0.00 | **1,437,791.62** |
| VOLTA | 25,916.10 | 25,846.38 | 128,818.56 | 117,882.19 | 398.40 | 0.00 | 0.00 | 0.00 | 0.00 | **298,861.63** |
| BRONG AHAFO | 591,680.88 | 82,853.54 | 335,344.40 | 0.00 | 388.44 | 0.00 | 0.00 | 0.00 | 0.00 | **1,010,267.26** |
| UPPER EAST | 150,601.50 | 25,182.08 | 85,935.01 | 0.00 | 239.04 | 0.00 | 0.00 | 0.00 | 0.00 | **261,957.63** |
| UPPER WEST | 167,563.30 | 23,710.40 | 105,706.60 | 1,955.00 | 149.40 | 0.00 | 0.00 | 0.00 | 0.00 | **300,086.70** |
| Cost ( GHS) | 14,062,957.86 | 1,512,279.68 | 5,879,029.65 | 2,994,496.50 | 2,664.30 | 4,018.00 | 568,780.80 | 5,848.00 | 13,985,667.77 | **39,008,742.57** |

**Table 5: Summary of Total Consumption and Cost of Water Treatment Chemicals in 2020**

| Water Treatment Chemical | 2019 Consumption(Kg) | 2019 Cost(GHC) | 2019 Cost Per Unit (Ghc/kg) | 2020 Consumption(kg) | 2020 Cost(GHc) | 2020 Cost Per Unit (Ghc/kg) |
|---|---|---|---|---|---|---|
| Aluminium Suphate | 9,146,158 | 13,444,853 | 1.4700 | 9,566,638 | 14,062,958 | 1.4700 |
| Calcium Hydroxide | 1,182,583 | 1,726,554 | 1.460 | 1,035,808 | 1,512,280 | 1.4600 |
| Chlorine Gas | 690,992 | 4,922,604 | 7.124 | 806,324 | 5,872,030 | 7.2825 |
| Calcium Hypochlorite | 331,047 | 1,689,600 | 5.104 | 583,101 | 2,994,497 | 5.1355 |
| Chlorine Tablets | 0 | 0 | | 535 | 2,664 | |
| Soda Ash | 1,880 | 3,685 | 1.960 | 2,050 | 4,018 | 1.9600 |
| Potassium Per Manganate | 9,668 | 266,840 | 27.600 | 20,608 | 568,781 | 27.6000 |
| Activated Carbon | 960 | 13,056 | | 430 | 5,848 | 13.6000 |
| Polymer(polyelectrolyte) | 1,250,984 | 12,134,549 | 9.700 | 1,441,821 | 13,985,668 | 9.7000 |
| TOTAL | | **34,201,740** | | | **39,008,743** | |

The total Water Treatment Chemical cost for the 2020 operational year was Thirty-Nine Million, Eight Thousand, Seven Hundred and Forty-Three Ghana Cedis (GH¢39,008,743). The total volume of water production for the same period was 324,813,271m3

### 1.3.3 Raw Water Quality

Table 6 shows summary of raw water sampling targets and achievements for the regulatory and operational parameters (pH, Colour and Turbidity). Most of our water sources were treatable during the period under review. However, the quality of some of our water sources deteriorated significantly during the year as a result of the smalls scale mining and other anthropogenic activities. Colour and Turbidity recorded maximum values of 10,500Hu and 4,604NTU respectively.

The national sampling targets for raw water were missed due to inadequate monitoring logistics in some of the systems, as well as downtimes due to power outages and other operational challenges. The Average Sampling Compliance target achieved was 87.38%. This is 7.6% deviation from the target of ≥95%.

**Table 6: National Annual Summary of Weighted Raw Water Sampling Compliance in 2020**

| Operational parameters | Target number | Sample analysed | Compliance target =>95% |
|---|---|---|---|
| pH[6.5-8.5] | 51,491.00 | 44,992 | 87.38 |
| Colour[15 HU] | 48,560.00 | 42,469 | 87.46 |
| Turbidity[5NTU] | 47,356.00 | 40,807 | 86.17 |
| **National average** | **49,135.67** | **42,756** | **87.00** |

### 1.3.4 Treated Water Quality Analysis

Table 7 shows the five key operational indicators (core parameters) for the various regions, the nationwide sampling frequencies and the weighted percentage compliance targets of

treated water quality during the period under review. The compliance indices are the product of the percentage of samples actually collected and analysed and the percentage of samples that met the requirements of the Ghana Drinking Water Quality Standards.

All the regions were not able to meet the treated water sampling targets within the period under review due to several operational challenges such as power outages, prolonged down times, inadequate test kits and reagents in some of the systems and insufficient human resources. The National Sampling Compliance Index achieved was 0.88 due to the challenges enumerated above. However, the water quality compliance target from all the regions were satisfactory, with an overall average of 98.5%. Some treatment plants continued to have manual and improvised dosing systems making water treatment chemical dosing discontinuous and intermittent. Therefore, pH and residual chlorine levels are not appropriately raised to meet the set targets of the Ghana Standards for drinking water in some of the systems. Most of the borehole systems also do not receive any form of treatment hence low pH levels and zero residual chlorine values recorded in those systems and their distribution network.

**Table 7: National Annual Summary of Weighted Treated Water Quality Sampling Compliance in 2020**

| Operational parameters | Target number | Samples analysed | Number complying | Compliance target => 95% | Sampling Compliance Index (0.95) |
|---|---|---|---|---|---|
| pH[6.5-8.5] | 46,212.00 | 39,650.00 | 39,405.00 | 99.38 | 0.86 |
| Colour[15 HU] | 45,582.00 | 37,910.00 | 37,687.00 | 99.41 | 0.83 |
| Turbidity[5NTU] | 42,198.00 | 37,958.00 | 36,370.00 | 95.82 | 0.90 |
| R-Chlorine[1 -2.0mg/L] | 45,310.00 | 39,472.00 | 38,665.00 | 97.96 | 0.87 |
| E-Coli[0 cfu/100mL] | 13,090.00 | 12,008.00 | 12,008.00 | 100.00 | 0.92 |
| **National average** | **38,478.40** | **33,399.60** | **32,827.00** | **98.51** | **0.88** |

### 1.3.5 Distribution Water Quality Analysis

Tables 8 summarizes five critical operational indicators (core operational parameters) for the regions. The table below indicates sampling frequencies and the weighted percentage compliance targets of Distribution Water Quality for the period under review. The compliance indices are the product of the percentage of samples collected and analysed from the distribution systems and the percentage of samples that met the Ghana Drinking Water Quality Standard requirements. The performance indicators express the relationship between the mandated sampling frequencies and the water quality analysis.

All the regions could not meet their sampling targets. The national average Sampling Compliance Index archived was 86% which is 9% below the 95% minimum set target. The main reasons for not meeting the target were as a result of lack of adequate equipment and reagent to carry out monitoring activities satisfactorily. Other factors include lack of proper staffing, power outages, downtimes, and other operational challenges such as poor laboratory set-ups, transportation, and consumables. The high shortfall in the distribution sampling comes from the ATMA Production Region, meeting only 64% of their annual. Targets achieved for residual Chorine and Turbidity were below the 95% target (81.8% and 94.77% respectively).

**Table 8: Average National Annual Distribution Water Quality Sampling Compliance in 2020**

| Operational parameters | Target number | Samples analysed | Number complying | Compliance target => 95% | Sampling Compliance Index (0.95) |
|---|---|---|---|---|---|
| pH[6.5-8.5] | 21,262.00 | 18,193.00 | 17,666.00 | 97.10 | 0.86 |
| Colour[15 HU] | 21,262.00 | 18,116.00 | 17,557.00 | 96.91 | 0.85 |
| Turbidity[5NTU] | 21,262.00 | 18,138.00 | 17,190.00 | 94.77 | 0.85 |
| R-Chlorine[0.5mg/L] | 21,362.00 | 18,475.00 | 15,113.00 | 81.80 | 0.86 |
| E-Coli[0 cfu/100mL] | 21,262.00 | 18,290.00 | 17,983.00 | 98.32 | 0.86 |
| **National average** | **21,282.00** | **18,242.40** | **17,101.80** | **93.75** | **0.86** |

### 1.3.6 Challenges

The following operational challenges were identified to have impacted negatively on the performance during the period under review

Raw Water Quality deterioration due to:

- The upsurge in illegal mining activities, poor municipal waste and unsustainable agricultural practices are having negative impacts on GWCL's operations.
  - ✓ Very high turbidity, colour and some trace element values are being recorded from these sources.
  - ✓ High consumption of water treatment chemicals from the affected systems
  - ✓ High process loses (water used in treatment) due to frequent dislodging and back washing
  - ✓ Increased frequency and cost of water quality monitoring and management
  - ✓ Downtimes due to frequent washing of all water retaining structures and other maintenance activities
- The most affected systems are Kibi, Bunso and Osino on the Birim River, Daboase on the Pra River, Barekese on the Offin River, Odaso on the Oda River in the Ashanti Region. Water treatment chemical consumptions are high from these affected systems
- Rapid Population growth and urbanization (Catchment encroachments)
- Inadequate catchment monitoring
- Some systems with poor chemical dosing facilities (improvised for some systems)
- Inadequate critical control points in some of the systems
- Lack of adequate system laboratories for some water treatment plants for effective process control monitoring. Critical data is always lost, and the situation needs to be addressed.
- Inadequate means of transport for operations in some of the regions

- Poor state of filtration systems for some of the treatment plants impacting negatively on treated water
- Weak and aged distribution networks in some regions lead to frequent pipes burst, which poses a severe threat to water quality integrity in the distribution networks.
- Inadequate flushing points within Distribution networks compromising distribution water quality
- Inadequate collaboration between distribution and WQA department for new pipeline laying and repair works
- Inadequate staffing especially for some of the treatment plants
  - ✓ Inability to capture data adequately – some systems do not have adequate staff at the junior staff level
- Delay of procurement and limited budgetary allocation for water quality operations in most of the regions.

## 1.4 Distribution Operations

Water distribution improved satisfactorily. The increase in production made more water available for distribution. GWCL continued to ration water in areas where water demand exceeded supply to ensure a more equitable distribution.

Improvement in distribution efficiency was also made possible through stocking the districts with the needed materials to facilitate prompt response to faults.

Within the period under review, the following activities as per the table 9 below took place in the regions:

**Table 9 - Leakages, Extension and New Service Connection**

| Description | Unit | 1st | 2nd | 3rd | 4th | Total |
|---|---|---|---|---|---|---|
| Bursts & Leakages | No. | 16,330 | 12,548 | 18,567 | 18,683 | **66,128** |
| Mains Extension | Km | 61.5 | 44.6 | 41.1 | 33.1 | **180.3** |
| New Service Connection | No. | 9,713 | 11,374 | 13,467 | 13,791 | **48,345** |

### 1.4.1 Burst and Leakages

Bursts and leakages recorded were 66,128. The uPVC pipelines contributed about 77.7% on average to the overall bursts and leakages recorded. A high number of bursts were also recorded on Asbestos Cement pipes which constitute an average 8.6% of the total figure. The main reasons for these bursts and leakages are resulting from old and weak pipelines. The pipeline infrastructure in the ATMA and Ashanti Regions are those that often give way. The total estimated cost of materials for the repair works amounted to GHS 26,640,974.

### 1.4.2 Mains Extension

A total of 180.3km of uPVC pipelines of varying sizes were laid across the regions for the period ended December 2020. The highest number of extension works was 61.5 km, recorded in the first quarter. Out of this, Accra West and Ashanti North recorded 19.4 km and 22.0 km respectively. The fourth quarter of the year 2020 recorded the least extension works of 33.1 km of which 20 km was laid in the Eastern Region.

### 1.4.3 New Service Connection

A total of 48,345 applicants were connected within the year under review. 13,791 new customers were connected within the fourth quarter being the highest for the year. The first quarter registered the lowest new service connections with 9,713. However, it is worth noting that the year saw a steady increase in the number of new service connections across all quarters. The new service connections for the year yielded a total amount of GHS64,059,749.

## 1.5 Energy Consumption

For the year 2020, the cost of power was GHS375.5 million which is an equivalent of 409.6 million kilowatts hour implying 1.1295 ghs/m3 of water produced.

Per table 10 below, efficiency in energy usage has dropped over the years from 0.2153 ghs/m3 in 2012 to 1.1295 ghs/m3 in 2020 (about 424% less efficient). The increase in energy consumption (from 1.2241 KWh/m3 in 2019 to 1.2321 KWh/m3 in 2020) is due to the ageing of electro-mechanical equipment with low power factors.

**Table 10 - Energy consumption**

| Years | water produced (Mm3) | energy consumed (Mkwh) | Energy consumed per m3 produced (kwh/m3) | Energy Cost (Mghs) | Energy cost per m3 (ghs/m3) |
|---|---|---|---|---|---|
| 2012 | 255.0 | 180.4 | 0.7075 | 54.9 | 0.2153 |
| 2013 | 250.1 | 189.4 | 0.7573 | 64.8 | 0.2591 |
| 2014 | 248.0 | 171.4 | 0.6910 | 114.6 | 0.4620 |
| 2015 | 297.0 | 276.8 | 0.9320 | 176.5 | 0.5943 |
| 2016 | 285.6 | 302.63 | 1.0596 | 309.50 | 1.0837 |
| 2017 | 314.8 | 345.05 | 1.0961 | 326.75 | 1.0380 |
| 2018 | 319.4 | 321.48 | 1.0066 | 272.65 | 0.8538 |
| 2019 | 304.6 | 372.86 | 1.2241 | 316.46 | 1.0389 |
| 2020 | 332.4 | 409.56 | 1.2321 | 375.45 | 1.1295 |

From figure 2a and 2b, the cost of electricity constituted about 27% (without depreciation & exchange losses) of the total operating cost, a decrease of 2.7% compared to 2019 as a result of the increased total cost.

## Business model and strategy

Figure 2a – Energy Consumption Chart

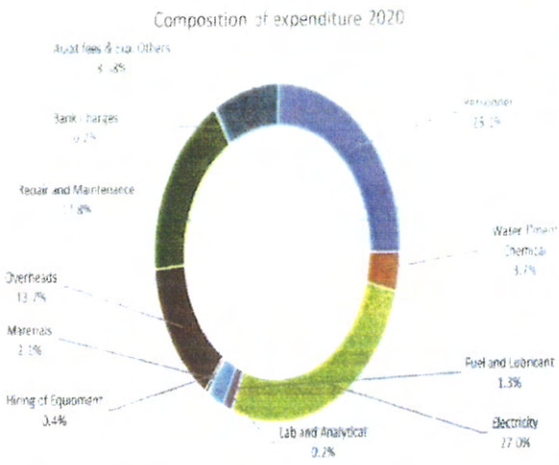



Figure 2b – Energy Consumption by Cost Category

| Major Cost Category | 2020 % | 2019 % | Var % |
|---|---|---|---|
| Personnel | 25.1% | 25.4% | -0.3% |
| Electricity | 27.0% | 29.7% | -2.7% |
| Chemicals | 3.7% | 4.3% | -0.5% |
| Repairs & Maintenance | 17.8% | 17.2% | 0.6% |
| Overheads | 13.7% | 11.3% | 2.4% |
| Others | 12.7% | 12.100% | 0.6% |

Figure 3a – Energy Consumption Trend

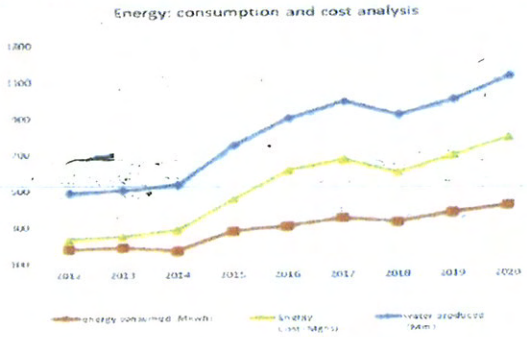



Figure 3b - Energy Consumption Cost/kwh

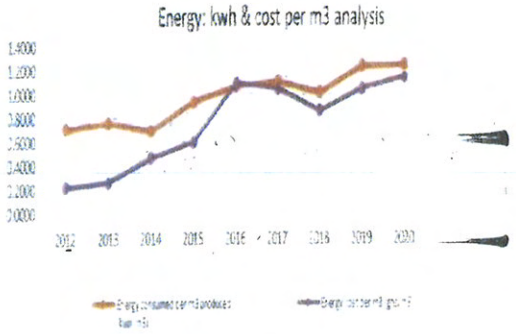



Figure 4a – Energy Consumption Cost (MGHs)

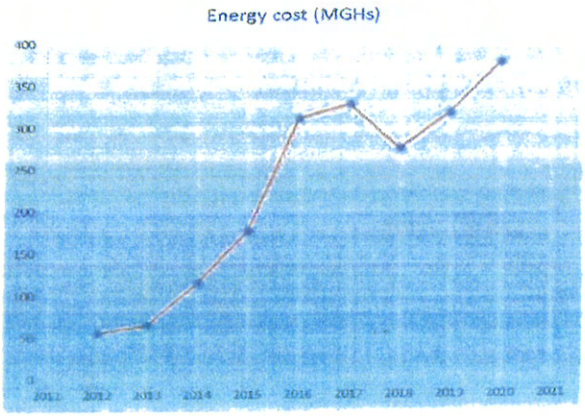
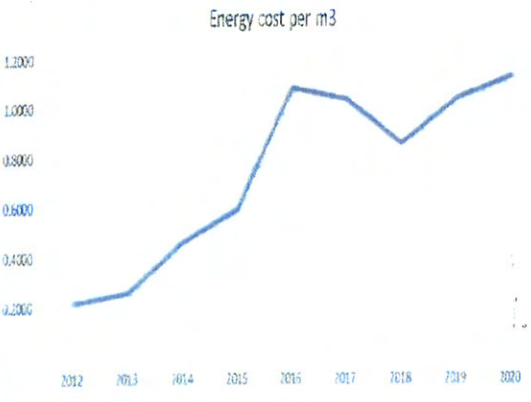



Figure 4b – Energy Consumption Cost (m3)



# 2 Commercial Activities

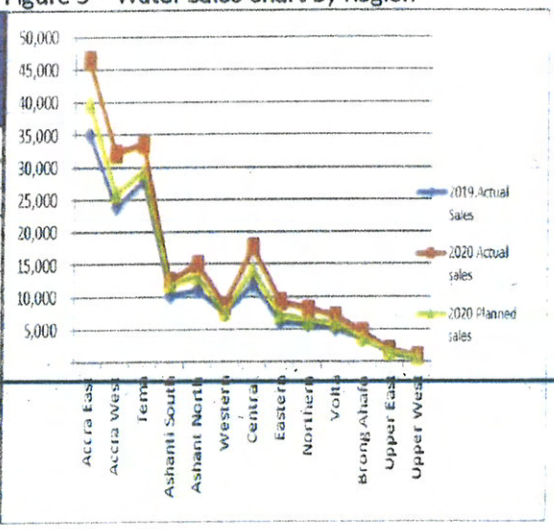
## 2.1 Water Sales Performance

A total volume of 198.4 Mm3 was sold in the year 2020. This is 17.6% (29.67 Mm3) above the target for the year and 32.4% (48.5 Mm3) higher than that of 2019. The major reason for the achievement of the sales target was attributed to the COVID-19 pandemic which occasioned an increased use of water by consumers as well as the reconnection of disconnected customers to also enjoy the government's free water intervention as a measure against the spread of the disease. The details of the sales performance are shown in table 11 below.

**Table 11 – Water Sales (Mm3)**

| Region | Sales | | | |
|---|---|---|---|---|
| | 2019 Actual Sales | 2020 Actual Sales | 2020 Planned Sales | % Var (20 Actual - 20 Plan) |
| Accra East | 35,069 | 46,522 | 40,042 | 16.2% |
| Accra West | 23,793 | 32,196 | 26,000 | 23.8% |
| Tema | 27,882 | 33,616 | 29,500 | 14.0% |
| Ashanti South | 10,208 | 12,428 | 12,015 | 3.4% |
| Ashant North | 11,039 | 14,999 | 13,152 | 14.0% |
| Western | 7,409 | 8,741 | 7,634 | 14.5% |
| Central | 11,879 | 17,755 | 14,197 | 25.1% |
| Eastern | 6,153 | 9,264 | 7,368 | 25.7% |
| Northern | 5,772 | 8,226 | 6,498 | 26.6% |
| Volta | 5,067 | 7,103 | 6,035 | 17.7% |
| Brong Ahafo | 3,549 | 4,598 | 3,810 | 20.7% |
| Upper East | 1,450 | 1,913 | 1,700 | 12.5% |
| Upper West | 624 | 1,041 | 774 | 34.5% |
| **Total** | **149,893** | **198,400** | **168,726** | **17.6%** |

**Figure 5 – Water Sales Chart by Region**



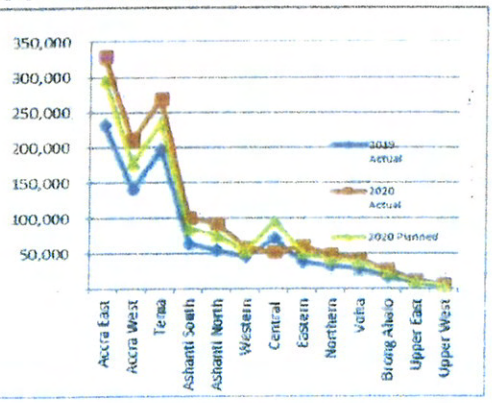

## 2.2 Billing Performance

The total water revenue was GH₵1,310.1 million for 2020, an increase of 10.2% (GH₵121.1 million) above the year's target, and higher by 45.2% (GH₵408.1 million) over that of 2019. Revenue targets were met chiefly to the intervention by Government to make payments on behalf of domestic consumers and government agencies in an effort to contain the spread of the COVID-19 pandemic.

**Table 12 – Water Revenue in 2020**

| Region | Billing (GH₵) | | | Var |
|---|---|---|---|---|
| | 2019 Actual | 2020 Actual | 2020 Planned | 20 Actual - 20 Plan |
| Accra East | 234,650 | 329,449 | 296,307 | 11.2% |
| Accra West | 126,688 | 210,750 | 177,585 | 18.7% |
| Tema | 196,916 | 269,118 | 234,782 | 14.6% |
| Ashanti South | 47,932 | 100,982 | 85,331 | 18.3% |
| Ashanti North | 53,304 | 92,434 | 75,498 | 22.4% |
| Western | 44,678 | 58,881 | 53,671 | 9.7% |
| Central | 71,533 | 51,580 | 96,016 | -46.3% |
| Eastern | 37,314 | 60,431 | 50,923 | 18.7% |
| Northern | 31,437 | 48,814 | 41,702 | 17.1% |
| Volta | 29,686 | 42,249 | 38,910 | 8.6% |
| Brong Ahafo | 16,915 | 27,099 | 22,987 | 17.9% |
| Upper East | 7,761 | 12,069 | 10,659 | 13.2% |
| Upper West | 3,144 | 5,203 | 4,542 | 36.6% |
| **Total** | **901,958** | **1,310,058** | **1,188,911** | **10.2%** |

**Figure 6 – Water Revenue Chart**



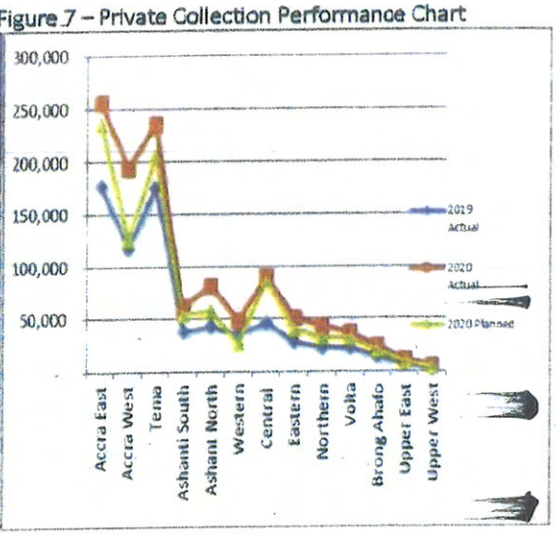
## 2.3 Collection Performance

Private collection for 2020 was GH₵1,138.8 million. The collection shows an increase of 36.8% (GH₵ 343.3 million) when compared to the 2020 target and a further increase of 76.0% (GH₵551.4 million) when compared to the 2019 performance. The major reason for the achievement of private collection target was that, for the most part of the year, GWCL billed and received payments from government all domestic consumptions owing to the governments' intervention of free water supply to all households and MDA's to contain the spread of the Covid-19 pandemic. Table 15 below shows the private collection performance.

**Table 13 - Private Collection Performance by Regions**

| Region | Private Collections 1000 GHC | | | Var |
|---|---|---|---|---|
| | 2019 Actual | 2020 Actual | 2020 Planned | 20 Actual - 20 Plan |
| Accra East | 176,724 | 256,319 | 236,242 | 8.5% |
| Accra West | 117,726 | 194,203 | 126,840 | 53.1% |
| Tema | 175,485 | 236,081 | 206,484 | 14.3% |
| Ashanti South | 37,803 | 61,409 | 54,531 | 12.6% |
| Ashant North | 42,579 | 81,774 | 57,612 | 41.9% |
| Western | 34,892 | 48,523 | 26,689 | 81.8% |
| Central | 45,867 | 89,771 | 87,332 | 2.8% |
| Eastern | 27,497 | 51,272 | 39,979 | 28.2% |
| Northern | 22,100 | 42,634 | 32,231 | 32.3% |
| Volta | 21,725 | 36,613 | 31,860 | 14.9% |
| Brong Ahafo | 13,770 | 23,847 | 19,968 | 19.4% |
| Upper East | 6,493 | 10,933 | 9,419 | 16.1% |
| Upper West | 2,524 | 5,441 | 4,099 | 32.7% |
| **Total** | **725,186** | **1,138,820** | **933,287** | **22.0%** |

**Figure 7 – Private Collection Performance Chart**

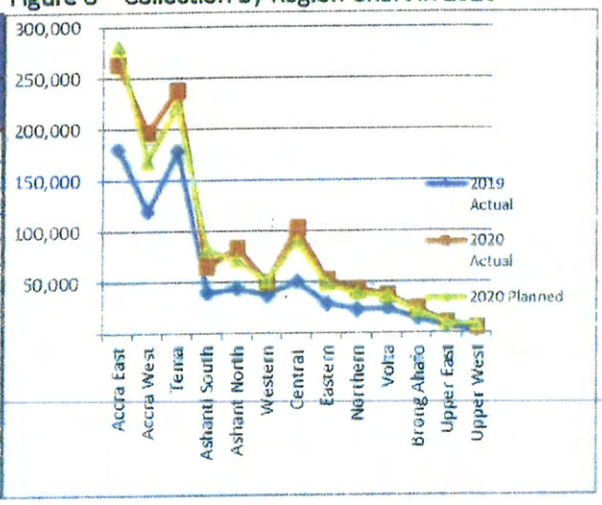



The total collection for 2020 was GH₵1,175.5 million. The total collection shows an increase of 3.7% (GH₵ 2.1 million) when compared to the target and an increase of 57.3% (GH₵428.2 million) when compared to the 2019 performance. Table 14 below shows the total collection performance.

**Table 14 – Collection by Region in 2020**

| Region | Total Collections 1000 GHC | | | Var |
|---|---|---|---|---|
| | 2019 Actual | 2020 Actual | 2020 Planned | 20 Actual - 20 Plan |
| Accra East | 180,084 | 263,943 | 281,491 | -6.2% |
| Accra West | 118,979 | 196,461 | 168,705 | 16.5% |
| Tema | 178,137 | 238,389 | 223,043 | 6.9% |
| Ashanti South | 39,567 | 65,166 | 81,064 | -19.6% |
| Ashant North | 43,628 | 83,784 | 71,723 | 16.8% |
| Western | 37,472 | 50,052 | 50,987 | -1.8% |
| Central | 50,020 | 103,079 | 91,216 | 13.0% |
| Eastern | 28,747 | 52,511 | 48,377 | 8.5% |
| Northern | 23,231 | 43,652 | 39,617 | 10.2% |
| Volta | 23,482 | 37,449 | 36,965 | 1.3% |
| Brong Ahafo | 14,588 | 24,434 | 21,837 | 11.9% |
| Upper East | 6,780 | 11,033 | 10,126 | 9.0% |
| Upper West | 2,604 | 5,560 | 8,297 | -33.0% |
| **Total** | **747,318** | **1,175,512** | **1,133,448** | **3.7%** |

**Figure 8 – Collection by Region Chart in 2020**



The reason for the non-achievement of the total collection target is due to the non-achievement of the sales target and non-payment of MDA bills.

## 2.4 Collection Ratio

The Private Collection Ratio (without MDAs) for 2020 was 94.8% which is 1.2% lower than that of same period of 2019. The total collection ratio for year ending 2020 was 86.2% as against 81.6% achieved in 2019. The total collection ratio has always been low because the cross-debt facility which allows for 100% MDA collection, has been abolished. MDAs now pay for their own bills but this is not working well. The task force put in place to sensitize MDAs to promptly pay their bills is gradually yielding positive results. Table 15 below shows how the regions performed.

Table 15a – Total Collection Ratio by Region

| Total Collection Ratio | | | |
|---|---|---|---|
| Region | | 2019 Performance | 2020 Performance |
| R01B | Accra East | 78.1% | 79.8% |
| R01C | Accra West | 90.4% | 92.0% |
| R01D | Tema | 90.7% | 92.9% |
| R02A | Ashanti South | 63.1% | 77.6% |
| R02B | Ashanti North | 81.2% | 89.8% |
| R03 | Western Region | 85.0% | 84.4% |
| R04 | Central Region | 70.1% | 82.9% |
| R05 | Eastern Region | 78.1% | 86.3% |
| R06 | Northern Region | 72.5% | 86.6% |
| R07 | Volta Region | 84.0% | 84.5% |
| R08 | Brong Ahafo Region | 86.5% | 90.2% |
| R09 | Upper East Region | 87.5% | 91.2% |
| R10 | Upper West Region | 83.8% | 90.7% |
| | Total | 81.6% | 86.2% |

Table 15b – Private Collection Ration by Region

| Private Collection Ratio | | | |
|---|---|---|---|
| Region | | 2019 Performance | 2020 Performance |
| R01B | Accra East | 91.3% | 88.6% |
| R01C | Accra West | 97.0% | 96.6% |
| R01D | Tema | 95.4% | 97.4% |
| R02A | Ashanti South | 91.6% | 96.2% |
| R02B | Ashanti North | 93.9% | 96.7% |
| R03A | Western Region | 98.1% | 96.4% |
| R04A | Central Region | 89.2% | 91.3% |
| R05 | Eastern Region | 92.0% | 95.8% |
| R06 | Northern Region | 87.6% | 102.7% |
| R07 | Volta Region | 97.2% | 98.1% |
| R08 | Brong Ahafo Region | 96.0% | 98.3% |
| R09 | Upper East Region | 97.4% | 99.4% |
| R10 | Upper West Region | 95.7% | 102.4% |
| | Total | 96.0% | 94.8% |

## 2.5 Customer Accounts Receivable

The company continued in her effort to bring accounts receivable to 25% of the annual billed amount. Action taken to achieve this feat included embarking upon sensitization/awareness campaign, implementing the procedure for disconnection and follow up, formation of teams to disconnect defaulters, implementation of alternative collection methods for rural areas, use of e-billing and e-collection, use of third parties as customer pay points, and court action (only as a last resort).

## 2.6 Customer Strength

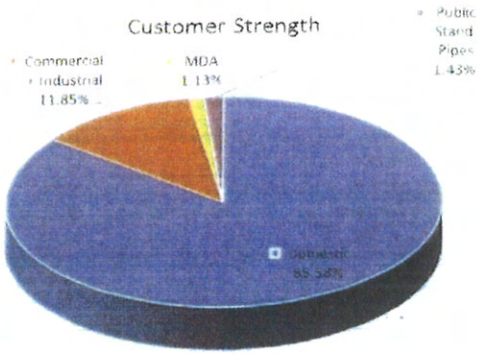
The customer strength increased from 719,689 at the end of 2019 to 781,210 by end of 2020. This represents an increase of 8.5% over the year and an average increase of 0.7% per month. Domestic customers share increased marginally from 84.7% to 85.6%. The commercial and industrial component reduced from 12.5% to 11.9% whilst the MDA and Public Stand-pipes connections decreased from 1.2% and 1.5% to 1.1% and 1.4% respectively for the year under review.

## Business model and strategy

Table 16 – Customer Strength

| Customers | 2019 | 2020 | % Contribution 2020 | % Var 2019-2020 |
|---|---|---|---|---|
| Domestic | 609,384 | 668,581 | 85.6 | 9.62 |
| Commercial +Industrial | 90,081 | 92,603 | 11.9 | 2.80 |
| MDA | 8,338 | 8,818 | 1.1 | (0.23) |
| Public Stand Pipes | 10,386 | 11,208 | 1.4 | 2.96 |
| Total | 719,689 | 781,210 | | 8.55 |

Figure 9 – Customer Strength Chart



## Report of the directors

The board submit their report together with the audited financial statements of the Company for the year ended 31st December 2020.

### Statement of directors' responsibilities

The directors are responsible for the preparation of financial statements for each financial period which gives a true and fair view of the state of affairs of the Company and of the profit or loss and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable, prudent and complied with the requirements of the accrual basis of accounting.

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

### Principal business activities

The Company is wholly owned by the Government of Ghana and is responsible for potable water supply to all urban communities in Ghana. It currently operates ninety (90) urban water supply systems throughout the country. Average production is about eight hundred and eighty-nine thousand, eight hundred and ninety-nine cubic meters (889,899m3) per day (196 million gallons per day) which represents about seventy-eight percent (78%) of urban water supply coverage serving Seven Hundred and Seventy Thousand and Two (770,002) customers, eighty-five percent (85%) of which are metered and fifteen percent (15%) unmetered.

### Legal and statutory requirements

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the Companies Act, 2019 (Act 992)

### Financial results

The results of the company are set out on pages 20 to 54. The company's retained earnings for the year ended 31 December 2020 was a cumulative loss of GH¢1,990,828,755 as detailed below:

| | Stated Capital | Government Deposit for Shares | Development Financing | Capital Surplus | Retained Earnings | Total |
|---|---|---|---|---|---|---|
| | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ |
| **31 December 2020** | | | | | | |
| Balance at 1 January | 1,250,000 | 193,226,221 | 21,683,571 | 8,742,698,627 | (1,833,207,932) | 7,125,650,487 |
| Proir Year Adjustment | | | | | (4,263,822) | (4,263,822) |
| As restated 1 January | 1,250,000 | 193,226,221 | 21,683,571 | 8,742,698,627 | (1,837,471,754) | 7,121,386,664 |
| Loss for the year | - | - | - | - | (939,129,472) | (939,129,472) |
| Additions/(Reclassification) | | | 164,624,615 | (880,866,900) | 29,194,438.80 | (687,047,846) |
| OCI for the year: Transfers | | | | (753,957,936) | 753,957,936 | - |
| OCI for the year: Remeasurement of defined benefit liability | | | | | 2,620,096 | 2,620,096 |
| Closing balance | 1,250,000 | 193,226,221 | 186,308,185 | 7,107,873,791 | (1,990,828,755) | 5,497,829,442 |

## Report of the directors

### Long-term loans

The company has long-terms loans contracted by the Government of Ghana from international lending agencies and on-lent to the company to implement safe, potable and affordable water-for-all policy objectives of the government. The outstanding loan amount at the end of the current reporting period is GH¢5,193,565,584 (2019 - GH¢4,836,456,587). These loans, some of which have been in the books of the company for several decades remain unpaid. The board has taken steps to address this liability and is in ongoing discussions with the government on various treatment options including, but not limited to, conversion of the loans to government equity stake in the company.

### Changes in board members

Mr. Patrick Yaw Boamah was appointed as Chairman of the Board at the Annual General Meeting of the Board held on 20 September 2021. He replaced Mr. Alexander Afenyo-Markin who chaired the Board until then.

### Going Concern

The company incurred a net loss of GH¢ 182,551,440 (2019 - GH¢1,885,166,215) during the year ended 31 December 2020 and as of that date, its current liabilities exceeded its current assets by GH¢2,192,230,844 (2019 - GH¢1,892,259,302) making it difficult for the company to meet its short-term obligations. In this respect, disclosure on the Company's ability to continue as a going concern has been made in these consolidated financial statements on the basis of support by the Government of Ghana. Therefore, the board is satisfied that the Company will continue in business for the foreseeable future. Consequently, the consolidated financial statements continue to be prepared on the going concern basis.

**BY ORDER OF THE BOARD**

Kwame Amoafo Twumasi

**Director**

**Date:** 02/08/2022

ING. DR. CLIFFORD A. BRAIMAH
(MANAGING DIRECTOR)
GHANA WATER COMPANY LTD.
P. O. BOX MB 194, ACCRA

**Director**

**Date:**

## Report of the independent auditor's

### Opinion

We have audited the consolidated financial statements of Ghana Water Company Limited (the Company), which comprise the statement of financial position as at 31st December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the Company as at 31st December 2020, and (of) its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in [jurisdiction], and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Committee in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA 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 consolidated financial statements for the current period. These matters were addressed in the context our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our audit report.

### Other information

Management is responsible for Other Information. The Other Information comprises business model and strategy and the directors' reports but does not include the consolidated financial statements and our auditor's report thereon.

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

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

### Material uncertainty related to going concern

We draw attention to note 2.10 in the financial statements, which indicates that the company incurred a net loss of GH¢182,551,440 during the year ended 31st December 2020 and, as of that date, the

company's current liabilities exceeded its current assets by GH¢1,892,259,302 making it difficult for the company to meet its short-term obligations. As stated in Note 2.10, these events or conditions indicates that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Directors' responsibilities for the financial statements**

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance and for such internal control as management 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 Board of Directors is responsible for assessing the Committee'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 Board of Directors either intends to liquidate the Committee or to cease operations, or has no realistic alternative but to do so. The Board of Directors is responsible for overseeing the Committee's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

The objectives of our audit 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 IFRS 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 IFRS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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 Committee's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Committee's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements

or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with The Board of 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.

**Report on Other Legal and Regulatory Requirements**

The Ghana Companies Act, 2019 (Act 992) requires that in carrying out our audit, we consider and report on the following matters. We confirm that, except for the matters disclosed in the Basis of Qualified Opinion above:

(i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) In our opinion, proper books of accounts have been kept by the Committee, so far as it appears from our examination of those books; and

(iii) The financial position and financial performance of the Committee are in agreement with the books of accounts.

Aikins-Hawkson & Associates

AIKINS - HAWKSON & ASS.
CHARTERED ACCOUNTANTS
P. O. Box 1559, Mamprobi - Accra

JULIUS AIKINS-HAWKSON

For and on behalf of Aikins-Hawkson& Associates

AIKINS-HAWKSON AND ASSOCIATES

Firm License No. ICAG/F/2020/185

Chartered Accountants

Practicing Certificate: License No. ICAG/P/1166

Accra, Ghana

8th August 2022

## Consolidated statement of profit or loss and other comprehensive income
## For the year ended 31st December 2020

| | Notes | 2020 | 2019 |
|---|---|---|---|
| | | GH¢ | GH¢ |
| **Revenue** | 4 | **1,310,058,063** | **901,957,013** |
| **Cost of Operations:** | 5 | | |
| Production Cost | 5a | 664,211,537 | 667,469,366 |
| Transmission/Boostering Cost | 5b | 29,505,973 | 39,629,840 |
| Distribution Cost | 5c | 602,446,357 | 392,416,861 |
| Commercial/Marketing Cost | 5d | 177,027,362 | 168,506,073 |
| **Total Cost of Operations** | | **1,473,191,228** | **1,268,022,140** |
| **Gross loss** | | **(163,133,166)** | **(366,065,127)** |
| Other Income | 6 | 35,094,957 | 23,85[illegible],606 |
| General Administration and Other Costs | 7 | (723,510,698) | (2,207,528,665) |
| **Loss before finance cost** | | **(851,548,907)** | **(2,549,734,[illegible]86)** |
| Finance Cost | | (87,580,565) | (70,613,853) |
| **Loss for the year** | | **(939,129,472)** | **(2,620,348,[illegible]39)** |
| **Other Comprehensive Income** | | | |
| Transfer from revaluation surplus | 18 | 753,957,936 | 735,181,824 |
| Remeasurement of defined benefit liability | 21a | 2,620,096 | - |
| **Total Comprehensive loss for the year** | | **(182,551,440)** | **(1,885,166,215)** |

*The notes set out from pages 24 to 54 form an integral part of these consolidated financial statements*

## Consolidated statement of financial position
## As at 31st December 2020

| | Notes | 2020 GH¢ | As restated 2019 GH¢ |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant & equipment | 8 | 11,626,544,718 | 11,878,426,013 |
| Investment property | 9 | 449,755 | 463,697 |
| **Total assets** | | 11,626,994,473 | 11,878,889,710 |
| | | | |
| **Current assets** | | | |
| Inventories | 10 | 175,460,759 | 180,860,628 |
| Trade and other receivables | 11 | 771,277,880 | 540,784,041 |
| Investments | 12 | 2,633,853 | 1,220,140 |
| Bank and cash balances | 13 | 58,301,702 | 20,707,050 |
| **Total current assets** | | **1,007,674,195** | **743,571,859** |
| **Total assets** | | **12,634,668,668** | **12,622,461,569** |
| **Equity and liabilities** | | | |
| **Equity and reserves** | | | |
| Stated capital | 14 | 1,250,000 | 1,250,000 |
| Government deposit for shares | 15 | 193,226,220 | 193,226,220 |
| Development financing | 17 | 186,308,186 | 21,683,571 |
| Capital surplus | 18 | 7,107,873,791 | 8,742,698,[illegible] |
| Retained earnings (deficit) | | (1,990,828,755) | (1,837,471,754) |
| **Total equity and reserves** | | **5,497,829,442** | **7,121,386,664** |
| **Long term liabilities** | | | |
| Long term loans | 19 | 3,297,093,151 | 2,840,816,100 |
| Deferred income – capital grant | 20 | 614,016,045 | |
| Provision for defined benefit obligations | 21 | 25,824,991 | 24,427,645 |
| Total Long-term Liabilities | | **3,936,934,187** | **2,865,243,745** |
| **Current liabilities** | | | |
| Current portion of Long-term Loans | 19 | 2,424,961,659 | 1,995,640,489 |
| Short-term Loans | 22 | 3,384,814 | 7,566,554 |
| Trade and other payables | 23 | 771,558,566 | 632,624,118 |
| **Total current liabilities** | | **3,199,905,039** | **2,635,831,161** |
| **Total liabilities** | | **7,136,839,226** | **5,496,811,084** |
| **Total equity and liabilities** | | **12,634,668,668** | **12,622,461,569** |

The notes set out from pages 24 to 54 form an integral part of these consolidated financial statements
The consolidated financial statements on pages 20 to 54 were approved by the board of directors on ..... 2022 and were signed on its behalf by:

Name of director: KWAME AMPOFO TWUMASI

Signature: Twumasi

Name of director: ING. DR. CLIFFORD A. BRAIMAH (MANAGING DIRECTOR) GHANA WATER COMPANY LTD. P. O. BOX MB 194, ACCRA

Signature:

## Consolidated statement of cash flows
## For the year ended 31st December 2020

| | 2020 GH¢ | 2019 GH¢ |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| **Cash flow from operating activities** | | |
| Loss for the year | (939,129,472) | (2,620,348,039) |
| **Adjusted for:** | | |
| Provision For Long Service Awards | 4,017,441 | - |
| Depreciation Charges - PPE | 808,968,280 | 790,206,109 |
| Depreciation Charges - Investment Property | 13,942 | 13,942 |
| Profit on sale of property, plant & equipment | (398,083) | - |
| Provision for bad and doubtful debts | 46,148,913 | 1,320,701 |
| Revaluation surplus adjustments | (880,866,900) | - |
| Exchange Loss on borrowing | 291,214,133 | 1,751,080,444 |
| Differences on the PPE schedule | 12,373,730 | - |
| Prior Year Adjustment | - | 55,402,185 |
| | **(657,658,016)** | **(22,324,658)** |
| Decrease/(increase) in inventories | 5,399,869 | (39,230,204) |
| Loan interest | 80,648,614 | 70,613,053 |
| (Increase)/decrease in receivables | (276,642,752) | 384,526,569 |
| Increase/(decrease) in payables | 138,934,448 | (414,045,622) |
| **Net cash used in operations** | **(709,317,837)** | **(20,460,062)** |
| **Cash flow from investing activities** | | |
| Purchase of Property, Plant & Equipment | (540,266,274) | (159,750,872) |
| Proceeds from sale of property, plant & equipment | 398,083 | 2,766 |
| **Net cash used in investing activities** | **(539,868,191)** | **(159,748,106)** |
| **Cash flow from financing activities** | | |
| Provident Fund Loan Repayment | - | (5,214,[illegible]8) |
| Deferred income - capital grant | 614,016,045 | - |
| Long term loan | 537,271,723 | 1,924,489,028 |
| Loan repayment | (27,717,990) | (24,084,553) |
| Development financing received from Government of Ghana (GOG) | 164,624,615 | (1,750,719,449) |
| **Net cash flow used in financing activities** | **1,288,194,393** | **144,470,708** |
| **Net increase/ (decrease) in cash and cash equivalents** | 39,008,365 | (35,737,460) |
| **Cash and cash equivalents at 1 January 2020** | 21,927,190 | 57,664,650 |
| **Cash and cash equivalents at 31 December 2020** | **60,935,555** | **21,927,190** |
| **Represented by:** | | |
| Cash and bank balances | 58,301,702 | 20,707,050 |
| Short-term investments | 2,633,853 | 1,220,140 |
| | **60,935,555** | **21,927,190** |

*The notes set out from pages 24 to 54 form an integral part of these consolidated financial statements*

## Consolidated statement of changes in equity
For the year ended 31st December 2020

| | Stated Capital GH¢ | Government Deposit for Shares GH¢ | Development Financing GH¢ | Capital Surplus GH¢ | Retained Earnings GH¢ | Total GH¢ |
|---|---|---|---|---|---|---|
| **31 December 2020** | | | | | | |
| Balance at 1 January | 1,250,000 | 193,226,221 | 21,683,571 | 8,742,698,627 | (1,833,207,932) | 7,125,650,487 |
| Proir Year Adjustment | | | | | (4,263,822) | (4,263,822) |
| As restated 1 January | 1,250,000 | 193,226,221 | 21,683,571 | 8,742,698,627 | (1,837,471,754) | 7,121,386,664 |
| Loss for the year | - | - | - | - | (939,129,472) | (939,129,472) |
| Additions/(Reclassification) | | | 164,624,615 | (880,866,900) | 29,194,438.80 | (687,047,846) |
| OCI for the year: Transfers | | | | (753,957,936) | 753,957,936 | |
| OCI for the year: Remeasurement of defined benefit liability | | | | | 2,620,096 | 2,620,096 |
| **Closing balance** | **1,250,000** | **193,226,221** | **186,308,185** | **7,107,873,791** | **(1,990,828,755)** | **5,497,829,442** |
| **31 December 2019** | | | | | | |
| Opening balance | 1,250,000 | 193,226,221 | 1,772,403,020 | 9,477,880,451 | (3,443,902) | **11,441,315,790** |
| Additions | | | (1,750,719,449) | | | **(1,750,719,449)** |
| Prior Year Adjustment | | | | | 55,402,185 | **55,402,185** |
| Transfers | | | - | (735,181,824) | 735,181,824 | - |
| Loss for the year | - | - | - | - | (2,620,348,039) | **(2,620,348,039)** |
| **Closing balance** | **1,250,000** | **193,226,221** | **21,683,571** | **8,742,698,627** | **(1,833,207,932)** | **7,125,650,487** |

*The notes set out from pages 24 to 54 form an integral part of these consolidated financial statements*

# Notes to the financial statements

*(All amounts are in Ghana Cedis)*

## 1 CORPORATE INFORMATION

Ghana Water Company Limited (GWCL) was established on 1 July 1999 as a state-owned limited liability company under the Statutory Corporations (Conversion to Companies) Act 461 of 1993 as amended by LI 1648. The address of its registered office and principal place of business is 28th February Road, Accra.

GWCL is principally responsible for the planning and development of water systems and sale of water in urban communities in the country.

## 2 Functional and presentation currency

These consolidated financial statements have been presented in Ghana Cedi (GH₵) which is the company's functional currency. All amounts are rounded to the Ghana Cedi.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 Basis of Preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additional information required by the Companies Act, 2019, (Act 992) is included where appropriate.

The financial statements have been prepared on a historical cost basis, except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The financial statements are presented in Ghana Cedi (GH₵).

### 2.2 Significant accounting judgement, estimates and assumptions

The preparation of the financial statements requires management to exercise judgement and to make estimates and assumptions that affect the application of policies, reported amounts of revenues, expenses, assets and liabilities and disclosures. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods. Those areas affect mainly provisions and contingencies, intangible assets with indefinite useful life impairment tests, employee benefits, allowance for doubtful receivables and taxes. Areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

a. Contingencies

Judgement of management is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

b. Allowance for uncollected account receivable and advances

Trade receivable do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated trade irrecoverable amounts. Portions of the total trade receivables amount are written off when management deems them uncollectible. The loss allowances for amount owed by customers are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions.

c. Defined benefit plan

The cost of defined benefit plan and other post-employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in future. These include the determination of the discount rate, future salary increments, mortality rates and attrition rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

d. Fair value measurement of financial instruments

When the fair value of financial assets and liabilities rounded in the balance sheet cannot be measured based on quoted prices in active markets, their value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

e. Provision

General Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the company expects some or all provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A provision is recognised for onerous contracts in which the unavoidable costs of meeting the obligations

under the contract exceed the expected economic benefits expected to be received under it. The unavoidable costs reflect the least net cost of exiting the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

### 2.3 Revenue recognition

Revenue represents the fair value of the income receivable in the ordinary course of business for goods and services provided. Where relevant, this includes an estimate of the sales value of units of water supplied to customers between the date of the last meter reading and the period end, exclusive of value added tax.

The company recognizes revenue generally at the time of delivery and when collection of the resulting receivable is reasonably assured. Should the company consider that the criteria for revenue recognition are not met for a transaction, revenue recognition would be delayed until such time as the transaction becomes fully earned or collectability is reasonably assured. Payments received in advance of revenue recognition are recorded as deferred income.

### 2.4 Employee benefits

The Company's net obligation in respect of defined benefits plans is calculated separately for each plan by estimating the amount of future benefits employees have earned on current and prior periods, discounting that amount and deducting from the fair value of the any plan assets.

The calculation of the company's defined benefits obligations is performed bi-annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefits liability, which comprises all actuarial gains and losses, the return on plan assets (excluding interest), and the effect of the asset ceiling (if any, excluding interest) are recognised immediately in OCI. The Company determines the net interest expense (income) on the net defined benefits liability (asset) for the period by applying the discount rate used to measure the defined benefits obligation at the beginning of the period to the net defined benefits liability (asset), taking into account any changes in the net defined benefits liability (asset) during the period as a result of contributions and benefits payments. Net interest expense and other expense related to the defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past services or the gain or loss on curtailment is recognised immediately in profit or loss. The company recognises gain or loss on settlement of a defined benefit plan when settlement occurs.

### 2.5 Property, plant and equipment

Structures, machinery and equipment and motor vehicles, after initial recognition as property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment. Cost is

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

defined as the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, when applicable, the amount attributed to that asset when initially recognized.

The cost of the asset usually remains unchanged until it is derecognized unless an expenditure incurred on the asset meets the recognition criteria. If the recognition criteria are met, the expenditure should be added to the carrying amount of the property, plant and equipment. If the recognition criteria are not met, the expenditure should be expensed when incurred.

Depreciation of property, plant and equipment is allocated to the appropriate headings of expenses by function in the income statement. The current annual depreciation rates for each class of property, plant and equipment are as follows:

| | | |
|---|---|---|
| Structures | - | 1.3% - 2.5% |
| Machinery and equipment | - | 3.3% - 20% |
| Motor vehicles | - | 12.5% - 20% |

**Useful lives of property, plant and equipment**

Useful lives, components and residual amounts are reviewed annually. Such a review takes into consideration the nature of the assets, their intended use including but not limited to the closure of facilities and the evolution of technology and competitive pressures that may lead to a technical obsolescence. During the current year, the useful life policy for the previous year was maintained.

**Components**

IFRS has a specific requirement for "components" depreciation as described in IAS 16, Property, Plant and Equipment. Each significant part of an item of property, plant and equipment is depreciated separately. Significant parts of an asset that have similar useful lives and patterns of consumption can be grouped together.

All components are depreciated to their recoverable amount over their useful lives, which may differ among components. The remaining carrying amount of the component is derecognised on replacement and cost of the replacement part is capitalised.

**Impairment of non-financial assets**

The carrying values of property, plant and equipment are reviewed for indications of impairment annually, or when events or changes in circumstances indicate the carrying value may not be recoverable. The impairment test is performed once an impairment indicator has been identified.

Impairment indicators are varied and may include external and internal factors or triggers. External impairment indicators relevant for a utility industry may include falling retail prices, rising fuel cost, over capacity and increased or adverse regulation or tax changes. Internal indicators may also include damage to an asset, obsolescence and performance of an asset or cash-generating unit (CGU) that is below expectation by management.

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

For assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the assets recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Such reversal is recognised in the income statement unless the asset is carried at revalue amount, in which case the reversal is treated as a revaluation increase.

**De-Minimis policy**

Upon the recommendation of the consultant, GWCL has adopted a lower minimum threshold value for its assets of US$500 or GHC3,000. Consequently, only assets with values over US$500 were revalued.

**Replacement parts**

Costs incurred on a replacement part for property, plant and equipment are recognised in the carrying amount of the affected item of property, plant and equipment when the costs are incurred and if the recognition criteria are met.

If the cost of the replacement part is recognised in the carrying amount of an asset, the carrying amount of what was replaced should be derecognised (regardless of whether it had been identified as a component and depreciated separately), so that the replacement and the replaced item are not both carried as assets. When it is not practicable to determine the carrying amount of the replaced part, the cost of the replacement may be used as an indication of what the cost of the replaced part was at the time it was acquired or constructed.

**Intangible assets**

An intangible asset is recognized when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Intangible assets are initially recognized at the cost incurred in acquiring and to bring it use. Intangible assets are carried at cost less any accumulated amortization and any impairment losses. The amortization period and the amortization method for intangible assets are reviewed every period-end.

Amortization is provided to write down computer software, on a straight-line basis, to their residual values at the rate of 20%.

### 2.6 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation and are not occupied or used by the Company. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, the Company measures its investment properties using the cost model as set out in IAS 16 Property, Plant and Equipment – cost less accumulated depreciation

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

and less accumulated impairment losses. Currently, investment property has been stated using the revalued cost.

An investment property is derecognized upon the disposal or when the investment property is permanently withdrawn from use and no future economic benefit are expected from the disposal. Any gain or loss arising from derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognized.

### 2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. All inventories are valued using the weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### 2.8 Foreign currencies

The functional currency of the Company is the currency of its primary economic environment.

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at year-end rates. Any resulting exchange differences are taken to the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Differences arising from these translations are recognized in general administration expenses or other comprehensive income.

**Foreign currency translation**

The Company's financial statements are presented in Ghana Cedis (GHS) which is also the Company's functional currency. Items included in the financial statements of the Company are measured using that functional currency.

**Transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

### 2.9 Financial instruments

#### (a) Financial assets

***Classification and measurement***

IFRS 9, 'Financial instruments' published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, as well as new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

From a classification and measurement perspective, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IAS 39 measurement categories were replaced by: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI), and amortised cost. IFRS 9 also allow entities to continue to irrevocably designate instruments that qualify for amortised cost or fair value through Other Comprehensive Income (OCI instruments as FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments that are not held for trading may be irrevocably designated as FVOCI, with no subsequent reclassification of gains or losses to the income statement.

The accounting for financial liabilities is largely the same as the requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements will be presented in OCI with no subsequent reclassification to the profit or loss unless an accounting mismatch in profit or loss would arise. Having completed its initial assessment for classification and measurement under IFRS 9, the Company has concluded that there was no change in the measurement basis of these financial assets and liabilities.

On initial recognition, financial assets are classified as: financial assets at amortised cost, financial assets at fair value through other comprehensive income (FVOCI) or financial assets at fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI).

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI)

***Derecognition of financial assets***

Financial assets are derecognised if the rights to receive cash flows from the asset have expired, the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement;

and either

(a) the Company has transferred substantially all the risks and rewards of the asset, or
(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

***Impairment***

The Company recognises loss allowances for ECL on the following instruments that are not measured at FVTPL. No impairment loss is recognised on equity investments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments.

***Write-off***

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

***Offsetting of 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.

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

### i. Trade receivables

Trade receivables are amounts due from customers for water sold in the ordinary course of business. These amounts are expected to be collected in one year or less, they are thus classified as current assets.

Trade receivables are recognised initially at fair value less provision for impairment. The impairment provision is the estimated value of debts deemed doubtful to recover over a period of time. This is determined by applying an agreed fixed percentage rate to the total value of debt in an aged bracket. The longer a debt is outstanding, the higher the applied percentage rate. The applied percentage rate currently in use are as follows:

| | | |
|---|---|---|
| Debts due (1 – 60 days) | - | 2% of receivables |
| Debts due (61 – 120 days) | - | 8% of receivables |
| Debts due (121 – 180 days) | - | 25% of receivables |
| Debts due (181 days and over) | - | 50% of receivables |

No provision is made for debt in respect of Government customers.

### ii. Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand, short-term fixed deposits with an original maturity of three months or less and bank overdrafts which are repayable on demand. All the component of the cash and cash equivalent form an integral part of the Company's cash management. Cash and cash equivalents are measured subsequently at amortised cost.

### (b) Financial liabilities

Financial liabilities include accounts and other payables, borrowings and other non-current liabilities. All financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the obligation specified in the contracts are discharged, cancelled or expires.

The Company's holding in financial liabilities represents mainly loans taken from banks and other financial institutions and other liabilities. Such financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using effective interest rate method.

### Derecognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

### (i) Trade accounts payable

Trade accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within

one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**(ii) Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in income statement in the period in which they are incurred.

### 2.10 Going concern

The company incurred a net loss of GH¢182,551,440 (2019 - GH¢1,885,166,215) during the year ended 31 December 2020 and as of that date, its current liabilities exceeded its current assets by GH¢2,192,230,844 (2019 - GH¢1,892,259,302) making it difficult for the company to meet its short-term obligations. In this respect, disclosure on the Company's ability to continue as a going concern has been made in these consolidated financial statements on the basis of support by the Government of Ghana. Consequently, the financial statements continue to be prepared on the going concern basis.

### 2.11 New and amended standards

**a. New and amended standards adopted by the Company**

The following amendments and International Financial Reporting Interpretation Committee (IFRIC) interpretations were adopted by the Company for the first time for the financial year beginning on or after 1 January 2019 although it has a minimal impact on the Company's financial statements.

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

| Standard/Interpretation | | Effective date periods beginning on or after |
|---|---|---|
| IFRS 16 | Leases | 1 January 2019 |
| IFRIC 23 | Uncertainty over income tax treatments | 1 January 2019 |
| Amendments to IFRS 9 | Prepayment features with negative Compensation | 1 January 2019 |

### *i. IFRS 16 - Leases*

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 includes a single model for lessees which will result in almost all leases being included in the Statement of Financial Position. No significant changes have been included for lessors. IFRS 16 also includes extensive new disclosure requirements for both lessees and lessors.

The Company does not have any significant lease properties hence there is no potential impact of IFRS 16 on the financial statements.

### *ii. IFRIC 23 Uncertainty over income tax treatments*

IFRIC 23 clarifies the accounting for income tax treatments that are yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgments made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

The company has been exempted from payment of corporate income tax hence this standard does not have any potential impact on the financial statements.

### *iii. Prepayment features with negative compensation (Amendments to IFRS 9)*

The amendments clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The Company is yet to assess the potential impact on the financial statements.

The amendments apply for annual periods beginning on or after 1 January 2019 with retrospective application. Early adoption is also permitted.

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

### b. *New and amended standards not yet adopted by the Company*

A number of new standards, amendments to standards and interpretations are effective for annual periods on or after 31 December 2020 and have not been applied in preparing these financial statements. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated.

### 4 Revenue

| | Dec-20 | Dec-19 |
|---|---|---|
| | GH¢ | GH¢ |
| Sale of Water to Private Customers | 1,137,473,069 | 724,378,453 |
| Sale of Water to Government Institutions | 172,584,993 | 177,578,560 |
| | **1,310,058,063** | **901,957,013** |

### 5 Cost of operations

#### a. Production costs

| | Dec-20 | Dec-19 |
|---|---|---|
| | GH¢ | GH¢ |
| Personnel Cost | 56,472,655 | 48,124,173 |
| Water Treatment chemical Cost | 81,763,736 | 42,994,616 |
| Electricity | 265,512,659 | 271,286,[illegible]4 |
| Fuel and Lubricant | 1,450,792 | 2,153,542 |
| Material Cost | 3,495,762 | 24,899 |
| Lab. Analytical Chemicals Reagents | 1,903,093 | 126,[illegible]34 |
| Hiring of Equipment | 119,939 | 151,198 |
| Overheads | 5,837,324 | 6,283,022 |
| Repairs and Maintenance | 120,958,368 | 113,254,186 |
| Depreciation | 126,697,208 | 183,071,512 |
| | **664,211,537** | **667,469,366** |

#### b. Transmission/booster station costs

| | Dec-20 | Dec-19 |
|---|---|---|
| | GH¢ | GH¢ |
| Personnel Cost | 3,453,376 | 5,021,560 |
| Water Treatment chemical Cost | 133,179 | 102,805 |
| Electricity | 23,688,006 | 22,994,160 |
| Fuel and Lubricant | 279,458 | 181,018 |
| Material Cost | 188 | 594 |

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

| | Dec-20 | Dec-19 |
|---|---|---|
| | GH¢ | GH¢ |
| Lab. Analytical Chemicals & Reagents | 52,309 | 54,556 |
| Hiring of Equipment | 28,900 | 2,550 |
| Overheads | 525,280 | 407,615 |
| Repairs and Maintenance | 1,298,990 | 1,636,444 |
| Depreciation | 46,286 | 9,208,538 |
| | **29,505,973** | **39,629,840** |

### c. Distribution costs

| | Dec-20 | Dec-19 |
|---|---|---|
| | GH¢ | GH¢ |
| Personnel Cost | 54,038,774 | 50,754,253 |
| Water Treatment chemical Cost | 12,159 | - |
| Electricity | 588,283 | 646,418 |
| Fuel and Lubricant | 3,241,826 | 3,973,930 |
| Material Cost | 9,940,821 | 12,317,205 |
| Lab. Analytical Chemicals & Reagents | 226 | - |
| Hiring of Equipment | 1,051,948 | 747,676 |
| Overheads | 8,054,980 | 7,882,192 |
| Repairs and Maintenance | 68,032,998 | 43,038,032 |
| Depreciation | 457,484,341 | 273,056,655 |
| | **602,446,357** | **392,416,361** |

### d. Commercial/marketing costs

| | Dec-20 | Dec-19 |
|---|---|---|
| | GH¢ | GH¢ |
| Personnel Cost | 81,879,367 | 73,963,618 |
| Electricity | 211,038 | 248,739 |
| Fuel and Lubricant | 2,252,288 | 2,381,444 |
| Material Cost | 413,954 | 113,658 |
| Hiring of Equipment | 3,213,021 | 4,500 |
| Overheads | 72,765,361 | 30,699,196 |
| Repairs And Maintenance | 2,754,332 | 1,739,085 |
| Depreciation | 13,538,000 | 59,355,833 |
| | **177,027,362** | **168,506,073** |

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

### 6 Other income

| | Dec-20 | Dec-19 |
|---|---|---|
| | GH¢ | GH¢ |
| Bank interest | 1,690,560 | 699,337 |
| Drilling | 825,902 | 665,157 |
| Base and Central Workshop | 1,017,458 | 846,946 |
| Central Stores | 5,900 | 6,550 |
| New Service Connection | 6,461,686 | 2,846,656 |
| Reconnection fees | 78,983 | 213,063 |
| Meter Rent | 68,168 | 3,125 |
| Guest House Rent | 1,411,030 | 1,070,357 |
| Transport Hire | 502,596 | 471,538 |
| Investment Income | 410,957 | 153,419 |
| Sundry Income | 18,431,827 | 16,883,458 |
| Package Water (Bottling) | 4,189,889 | - |
| | 35,094,957 | 23,859,606 |

**Sundry income**

This is mainly made up of receipts from the sale of obsolete stocks, tender documents and laboratory services performed for other companies.

### 7 General and administration costs

| | Dec-20 | Dec-19 |
|---|---|---|
| | GH¢ | GH¢ |
| Personnel cost | 94,046,719 | 77,560,341 |
| Water treatment chemical cost | 60,098 | 1,100 |
| Electricity | 2,624,435 | 3,130,336 |
| Fuel and lubricant | 7,522,776 | 5,418,559 |
| Operating materials | 667,133 | 656,173 |
| Lab. analytical chemicals & reagents | 115,279 | 602,095 |
| Hiring of equipment | 141,223 | 57,381 |
| Overheads | 71,208,536 | 68,186,807 |
| Repairs and maintenance | 13,812,146 | 13,011,386 |
| Depreciation | 196,094,931 | 265,527,035 |
| Levies and charges | 18,070,699 | 18,476,428 |
| Bank charges | 1,990,961 | 3,448,665 |

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

| | Dec-20 | Dec-19 |
|---|---|---|
| | GH¢ | GH¢ |
| Audit fees | 643,950 | 371,915 |
| Translation loss | 316,511,813 | 1,751,080,444 |
| Employee benefits expense | - | - |
| | 723,510,698 | 2,207,528,665 |

## 8 Property, plant and equipment

| | Structures & Improvements GH¢ | Machinery and Equipment GH¢ | Motor Vehicles GH¢ | Work-in-Progress GH¢ | TOTAL GH¢ |
|---|---|---|---|---|---|
| **COST** | | | | | |
| Opening balance | 17,363,440,461 | 936,971,853 | 186,918,435 | 836,169,700 | 19,323,500,449 |
| Additions | 29,333,494 | 32,872,689 | 15,059,821 | 463,000,270 | 540,266,274 |
| Adjustments | 13,751,407 | (6,575,220) | 3,902,874 | | 11,079,061 |
| Disposal/transfer | 17,705,923 | (8,667,851) | (2,500,462) | (17,705,923) | (11,168,313) |
| **Closing balance** | **17,424,231,285** | **954,601,471** | **203,380,668** | **1,281,464,047** | **19,863,677,471** |
| **Depreciation** | | | | | |
| Opening balance | 6,931,535,828 | 355,266,722 | 158,271,884 | - | 7,445,074,434 |
| Adjustments | (5,741,648) | | | | (5,741,648) |
| Charge for the year | 737,637,269 | 56,083,356 | 15,247,655 | | 808,968,280 |
| Disposals/transfer | | (8,667,851) | (2,500,462) | | (11,168,313) |
| **Closing balance** | **7,663,431,449** | **402,682,227** | **171,019,077** | - | **8,237,132,753** |
| **Net Book Value** | **9,760,799,836** | **551,919,244** | **32,361,591** | **1,281,464,047** | **11,626,544,718** |

**31 December 2019**

| | Structures & Improvements GH¢ | Machinery and Equipment GH¢ | Motor Vehicles GH¢ | Work-in-Progress GH¢ | TOTAL GH¢ |
|---|---|---|---|---|---|
| **COST** | | | | | |
| Opening balance | 16,642,302,305 | 836,736,873 | 177,181,181 | 1,512,027,307 | 19,168,247,666 |
| Additions | 38,954,340 | 100,239,130 | 14,231,193 | 6,326,209 | 159,750,872 |
| Disposal/transfer | 682,183,816 | (4,150) | (4,493,939) | (682,183,816) | (4,498,089) |
| **Closing balance** | **17,363,440,461** | **936,971,853** | **186,918,435** | **836,169,700** | **19,323,500,449** |
| **Depreciation** | | | | | |
| Opening balance | 6,203,282,285 | 306,365,315 | 149,716,048 | | 6,659,363,648 |
| Charge for the year | 728,253,543 | 48,902,791 | 13,049,775 | | 790,206,109 |
| Disposals/transfer | - | (1,384) | (4,493,939) | | (4,495,323) |
| **Closing balance** | 6,931,535,828 | 355,266,722 | 158,271,884 | - | 7,445,074,434 |
| **Net Book Value** | **10,431,904,633** | **581,705,131** | **28,646,551** | **836,169,700** | **11,878,426,015** |

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

### 9 Investment property

| | Dec-20 GH¢ | Dec-19 GH¢ |
|---|---|---|
| Opening Balance | 557,669 | 557,669 |
| Accumulated Depreciation | (93,972) | (80,030) |
| Depreciation Charge for The Year | (13,942) | (13,942) |
| **Net Book Value** | **449,755** | **463,697** |

Investment properties are properties held to earn rentals and/or for capital appreciation and are not occupied by the company. Investment properties are measured initially at cost, including transaction cost. Subsequent to initial recognition, the company measures its investment properties using the cost model as set out in IAS 16 Property, Plant and Equipment.

An investment property is derecognized upon the disposal or when the investment property is permanently withdrawn from use and no future economic benefit are expected from disposal. Any gain or loss arising from derecognition of the property is included in the profit or loss in the period in which the property is derecognized.

### 10 Inventory

| Dec-20 GH¢ | Dec-19 GH¢ |
|---|---|
| 175,460,759 | 180,868,628 |

Inventories comprise of chemicals, pipes and accessories, fuel and lubricants, stationery, spare parts and general stores. No inventory was written off during the year.

Inventories are stated at the lower of cost and net realizable value. All inventories are valued using the weighted average cost method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### 11 Trade and other receivables

| | Dec-20 GH¢ | Dec-19 GH¢ |
|---|---|---|
| Trade receivables - Private customers | 486,132,694 | 454,148,642 |
| Provision for doubtful debts | (201,612,145) | (155,463,232) |
| | **284,520,549** | **298,685,410** |
| Trade receivables - Government | 444,875,129 | 207,397,596 |
| Staff Loans and Advances | 30,043,464 | 26,338,410 |
| Other Debtors and Prepayment | 11,838,738 | 8,362,625 |
| | 771,277,880 | 540,784,041 |

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

### 12 Investment

| | Dec-20 | Dec-19 |
|---|---|---|
| | GH¢ | GH¢ |
| Short Term Investment Bottling Plant | 1,243,730 | - |
| Investment in Treasury Bills and Fixed Deposits | 1,390,123 | 1,220,140 |
| | **2,633,853** | **1,220,140** |

### 13 Bank and cash balances

| | Dec-20 | Dec-19 |
|---|---|---|
| | GH¢ | GH¢ |
| Cash at Bank | 57,977,057 | 20,383,918 |
| Cash in Hand | 324,645 | 323,132 |
| | **58,301,702** | **20,707,050** |

### 14 Stated capital

a) The number of Authorised Shares of the Company is 200,000,000,000 Shares of no par value.

b) Stated Capital is made up as follows:

| | No. of Shares | Amount GH¢ |
|---|---|---|
| Issued for cash and fully paid | 1,250,000 | 1,250,000 |

### 15 Government deposit for shares

| | Dec-20 | Dec-19 |
|---|---|---|
| | GH¢ | GH¢ |
| **At 31 December** | **193,226,220** | **193,226,220** |

This represents loans forgiven by the Government under the HIPC initiative and will be converted to equity in due course.

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

### 16 Grants

| | Dec-20 GH¢ | Dec-19 GH¢ |
|---|---|---|
| **Foreign:** | | |
| Foreign Donors | - | 9,525,093 |
| UN Habitat | - | 436,158 |
| | - | 9,961,251 |
| **Local:** | | |
| Government of Ghana | 193,226,220 | 193,226,220 |
| **Total** | 193,226,220 | 203,187,471 |

### 17 Development financing

| | Dec-20 GH¢ | Dec-19 GH¢ |
|---|---|---|
| Balance at 1 January | 21,683,571 | 1,772,403,020 |
| Additions in the year | 164,624,615 | - |
| Transfers | - | (1,750,719,449) |
| Balance at 31 December | **186,308,186** | **21,683,571** |

The Development Financing represent drawdowns from foreign donors for execution of various water supply projects and are contracted and paid through the Ministry of Finance. These financing arrangements have been reclassified to their respective accounts.

### 18 Capital surplus

| | Dec-20 GH¢ | Dec-19 GH¢ |
|---|---|---|
| Balance at I January | 8,742,698,627 | 9,477,880,451 |
| Adjustment for loans for completed capital project | (880,866,900) | - |
| Transfer to retained earnings | (753,957,936) | (735,181,824) |
| **Balance at 31 December** | **7,107,873,791** | **8,742,698,627** |

# Notes to the financial statements

*(All amounts are in Ghana Cedis)*

## 19 Long term loans

| | | Balance at 1/1/2020 | Reclassification | As restated Balance at 1/1/20 | Adjustments | Repayments | Additions | Interest | Exchange Difference | Balance At 31/12/20 | Current portion | Long-term portion |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | GH₵ | GH₵ | GH₵ | GH₵ | GH₵ | GH₵ | GH₵ | GH₵ | GH₵ | GH₵ | GH₵ |
| 1 | IDA 160 GH | 1,525,938 | | 1,525,938 | | | | | 344,348 | 1,870,286 | 1,870,286 | |
| 2 | IDA 499 GH | 7,989,944 | | 7,989,944 | | | | | 1,803,034 | 9,792,978 | 9,792,978 | |
| 3 | ADB ICS GH/PU/74/002 SL | 2,194,935 | | 2,194,935 | | | | | 495,316 | 2,690,250 | 2,690,250 | |
| 4 | ADB ICS GH/PU/74/002 | 3,578,774 | | 3,578,774 | | | | | 807,597 | 4,386,371 | 4,386,371 | |
| 5 | Italian Government | 5,816,692 | | 5,816,692 | | | | | 1,312,612 | 7,129,304 | 7,129,304 | |
| 6 | CFD 52/241/02 | 2,786,709 | | 2,786,709 | | | | 1,716 | 764,277 | 3,552,702 | 3,552,702 | |
| 7 | OECF NO GH 7 | 215,512,174 | | 215,512,174 | | | | 1,950,430 | 64,459,497 | 281,922,101 | 281,922,101 | |
| 8 | Austrian Government | 78,919,151 | | 78,919,151 | | | | 441,936 | 21,644,213 | 101,005,300 | 101,005,300 | |
| 9 | Nordic Fund No. 105 | 32,551,426 | | 32,551,426 | | | | 243,352 | 5,353,044 | 38,147,822 | 31,713,742 | 6,434,081 |
| 10 | ADF/GHA WSR | 31,025,469 | | 31,025,469 | | | | 792,093 | 7,838,304 | 39,655,866 | 11,640,125 | 28,015,741 |
| 11 | Kpong WS Expansion Project | 1,269,615,942 | | 1,269,615,942 | | | | 23,383,804 | 49,802,195 | 1,342,801,941 | 994,033,828 | 348,768,113 |
| 12 | Wa WS Expansion Project (Jambusi) | 307,503,300 | | 307,503,300 | | | | 1,327,728 | 12,061,457 | 320,892,484 | 15,976,508 | 304,915,977 |
| 13 | Akim Oda , Akwatia & Winneba WSP | 868,972,042 | | 868,972,042 | | | | 39,924,507 | 34,084,409 | 942,980,958 | 288,938,695 | 654,042,263 |
| 14 | Staff Provident Fund - Medium Term | 7,566,554 | (7,566,554) | - | | | | | | | | |
| 15 | Societe Generale - Medium Term | 39,975,000 | | 39,975,000 | | 23,536,250 | 8,782,500 | | - | 25,221,250 | 25,221,250 | |
| 16 | Bank of Hapoalim | 1,184,343,673 | | 1,184,343,673 | | | | | 46,454,491 | 1,230,798,164 | 308,600,228 | 922,197,935 |
| 17 | ING Bank - Netherlands | 111,699,000 | | 111,699,000 | | | | | 15,310,497 | 127,009,497 | 47,074,667 | 79,934,831 |
| 18 | Ministry of Finance - Various | 672,446,422 | | 672,446,422 | | - | - | 12,583,048 | 28,678,842 | 713,708,312 | 289,413,324 | 424,294,988 |
| 19 | Greater Accra Metropolitan Area Sanitation Project | | | | | | 261,638,368 | | | 261,638,368 | | 261,638,368 |
| 20 | Urban Water Supply Project (USDS) | | | | | | 266,850,855 | | | 266,850,855 | | 266,850,855 |
| | | 4,844,023,144 | (7,566,554) | 4,836,456,589 | - | 23,536,250 | 537,271,723 | 80,648,614 | 291,214,133 | 5,722,054,810 | 2,424,961,659 | 3,297,093,151 |
| | Current Portion | 1,995,640,489 | | 1,995,640,489 | | | | | | | | |
| | Long Term Portion | 2,848,382,654 | (7,566,554) | 2,840,816,100 | | | | | | | | |

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

**IDA 160 GH**

This loan facility with effective date of 28 August 1969 was procured to improve and expand Water Supply Systems of Accra and construction of Sewerage Systems in Accra representing US$1,881,212,000 secured from International Development Agency (IDA 160 GH). This debt is for a period of 20 years. Interest rate is at 6.5% p.a.

**IDA 499 GH**

This loan facility with effective date of July 1974 was procured for further expansion and development of the Water Supply System in and adjacent ATMA representing US$7,745,634 secured from International Development Agency (IDA 499 GH). This debt is for a period of 20 years with semi-annual repayment. Interest rate is at 7.5% p.a.

**ADB ICS GH/PU/74/002 SL**

This loan facility representing US$2,437,013 secured from Africa Development Bank. Interest Rate is at 6%.

**ADB ICS GH/PU/74/002**

This loan facility representing US$4,019,687 was procured for Civil Engineering Works for the new 20m gd capacity water treatment plant at Weija secured from Africa Development Bank. This debt is for a period of 20 years. Interest Rate is at 6%.

**ITALIAN GOVERNMENT**

This loan facility with effective date of June 1985 was procured for Kpong, Tema and Accra Water Pipeline Project representing US$4,900,000 secured from the Italian Government. This debt is for a period of 20 years with a 5-year grace period. Servicing charge for the loan is 1.5%.

**CFD 52/241/02**

This loan facility with effective date of 21 December 1993 was procured for ATMA Customer Management Project. This debt is for a period of 20 years with a 5-year grace period. Interest Rate is at 2.75 p.a. (semi-annually).

**OECF NO GH 7**

This loan facility with effective date of March 2004 was procured under the Water Sector Rehabilitation Project (WSRP) for workshop tool, communication equipment, vehicles and Headworks representing 5,444,000 Chinese Yen secured from OECF. This debt is for a period of 20 years. Interest Rate is at 2.6 p.a (semi-annually).

**AUSTRIAN GOVERNMENT**

This loan facility with effective date of 16 May 1990 was procured to improve Water Sector Rehabilitation Project (WSRP) at Western and Central regions representing ATS 260,000,000.00 or €18,895,074 secured from the Austrian Government. This debt is for a period of 20 years with a10-year grace period. Interest Rate is at 2.5% p.a.

**NORDIC COMPANY NO. 106**

This loan facility was signed on 10 September 1995 with effect from 2006. It was procured under the Water Sector Rehabilitation Project (WSRP) for Teshie-Nungua Main Extension representing SDR 5,000,000.00 secured from the Government of Finland. This debt is for a period of 20 years semi-annually with a 10-year grace period. Interest rate for 1995-2005 was 1% and 2006-2035 is 2%.

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

**ADF/GHA WSR**

This loan facility with effective date of 26 June 1989 was procured to improve Weija and Kpong Plant/Staff training/Supply of equipment and plant representing FUA 7,000,000.00 Approximately €5,994,410.00 secured from ADF-F/GHA/WSR/88/9. This debt is for a period of 40 years with a 10-year grace period. Servicing charge for the loan is 0.75%.

**NOTE:** The above-mentioned loans are legacy loans which have been standing in the books for many years and the company is in discussion with Ministry of Finance to agree on how these legacy loans should be treated.

**ING BANK LOAN**

This loan facility was signed on 19 September 2010. It was procured for the execution of the Cape Coast Water Supply System representing €20,000,000 secured from the Netherlands Ministry for International Trade and Development Cooperation. This debt is for a period of 12 years including a grace period of 3 years.

**KPONG WATER SUPPLY EXPANSION PROJECT**

This loan facility was signed on 20 September 2010. It was procured for the Kpong Water Supply Expansion Project representing US$276,250,000 secured from the Exim Bank of China. This debt is for a period of 16 years with 1-year grace period. Interest Rate is at 2% p.a.

**WA WATER SUPPLY EXPANSION PROJECT**

This loan facility is an on-lending agreement made between the Republic of Ghana represented by the Minister of Finance and Ghana Water Company Ltd. dated 28 August 2015. The loan agreement was signed on 25 June 2012 between GOG and MOF and the Export Import Bank of Korea representing US$55,500,000 to be used exclusively for the "Implementation of Wa Water Supply System Development Project in Ghana".

**AKIM ODA, AKWATIA AND WINNEBA WATER SUPPLY PROJECT**

This loan facility is an on-lending agreement made between the Republic of Ghana represented by the Minister of Finance and Ghana Water Company Ltd. dated 28th August 2015. The Loan Agreement was signed on 28th September 2012 between GOG and MOF and the Export Credit Bank of Turkey representing US$135,964,703.17 to be used exclusively to for the "Implementation of Akim Oda, Akwatia and Winneba Water Supply Project".

**MINISTRY OF FINANCE - VARIOUS LOANS**

This is an aggregation of Government of Ghana (GoG) contribution to the various project Cost by way of loans facilities amounting to US$150,806,797.16 which were on-lent to GWCL, the borrower, for the exclusive purpose of financing all the costs associated with the Projects.

**Urban Water Supply Project**

Subsidiary Financing Agreement dated 4 Feb 2005 providing:

- US$56,650,000 Grant
- US$46,350,000 loan

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

to strengthen urban Water Sector including private partnership. Repayment of on-lent loan amount is over 20 years including 5 years grace in semi-annual instalments on 1 Feb and 1 Aug. Interest at Bank of Ghana (BoG) prime rate per annum without margin also to be paid semi-annually on 1 Feb and 1 Aug.

Greater Accra Metropolitan Area Sanitation project

On-lending agreement date 4 June 2014 for 33 million SDR for 25 years including 5 years grace period. Repayment due on 15 Apr and 15 Oct commencing 15 Apr 2019 and ending on 15 Oct 2043. Interest at BoG prime rate per annum without margin also to be paid semi-annually on date of principal repayment.

SOCIETE GENERALE

This loan facility of GHC55,350,000.00 to be paid in 36 months was procured to settle accrued debt in respect of the Teshie Desalination Plant to Messrs Befesa Desalination Ghana. Interest rate is at 21% p.a.

**Long-term loans**

The company is in discussions with the government on various treatment options including, but not limited to, conversion of the loans to government equity stake in the company.

### 20 Deferred income – capital grant

| | Urban water supply project GH¢ | Urban water project GH¢ | Total GH¢ |
|---|---|---|---|
| **Grant received** | | | |
| At 1 Jan 2020 | - | - | - |
| Adjustment | 326,151,045 | 287,865,000 | 614,016,045 |
| Received during the year | - | - | - |
| At 31 Dec 2020 | 326,151,045 | 287,865,000 | 614,016,045 |
| | | | |
| **Grant released** | | | |
| At 1 Jan 2020 | - | - | - |
| Adjustment | - | - | - |
| Released to income during the year | - | - | - |
| At 31 Dec 2020 | - | - | - |
| | | | |
| **Net grant balance** | 326,151,045 | 287,865,000 | 614,016,045 |
| | | | |
| Current portion: due within one year | | | |
| Long-term portion: due after more than one year | | | |

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

### 21 Employee benefits

a)

The movements in the defined benefit obligation over the year is as follows:

| | Defined Benefit Obligation | | Net defined benefit liability | |
|---|---|---|---|---|
| | Dec-20 | Dec-19 | Dec-20 | Dec-19 |
| | GH¢ | GH¢ | GH¢ | GH¢ |
| Balance at 1 January 2020 | 20,163,823 | 20,163,823 | 20,163,823 | 20,163,823 |
| 2019 net benefits costs | 4,263,822 | - | 4,263,822 | - |
| As restated at 1 January 2020 | 24,427,645 | 20,163,823 | 24,427,645 | 20,163,823 |
| **Included in profit or loss** | | | | |
| Current service costs | 1,144,654 | - | 1,144,654 | - |
| Interest cost | 4,885,529 | - | 4,885,529 | - |
| **Included in OCI** | | | | |
| Remeasurement loss/(gain) | | | | |
| - Actuarial loss/(gain) arising from: | | | | |
| - experience adjustment | (2,620,096) | - | (2,620,096) | - |
| **Other** | | | | |
| Benefits paid | (2,012,742) | - | (2,012,742) | - |
| **Balance at 31 December 2020** | **25,824,991** | **20,163,823** | **25,824,991** | **20,163,823** |

**b) The actuarial assumptions used are:**

- Mortality: The RP 2000 Mortality Table.
- Salary Scale: Salaries are assumed to increase at an annual average rate of 10%.
- Discount Rate: A discount rate of 20.00% is assumed (15 Year Energy Bond, 2019).
- Turnover Rate: The table is shown in the Appendix.
- Asset Return/Investment Yield: An investment yield rate of 20.00% is assumed (That is; 15 Year Energy Bond, 2019).
- Retirement Age: The retirement age is set as age 60.

**c) Benefit plan**

i. For all categories of staff the following Long Service Award (LSA) shall apply for all categories of staff:

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

ii. 10 years of continuous service = 2 Months Basic Salary plus a Certificate
iii. 15 years of continuous service = 3 Months Basic Salary plus a Certificate
iv. 20 years of continuous service = 4 Months Basic Salary plus a Certificate
v. 25 years of continuous service = 5 Months Basic Salary plus a Certificate
vi. 30 years of continuous service = 6 Months Basic Salary plus a Certificate
vii. 35 and Above years of service = 7 Months Basic Salary plus a Certificate (The 35 and Above years of service was introduced in 2019 and is effective immediately)

### 22 Short-term loan

| | Dec-20 GH¢ | Dec-19 GH¢ |
|---|---|---|
| Balance at 1 January | 7,566,544 | 10,139,932 |
| Additions | | - |
| Repayment | (4,181,740) | (5,214,318) |
| Interest | - | 2,640,940 |
| **Balance at 31 December** | **3,384,814** | **7,566,554** |

The Staff provident fund loan is two facilities contracted on 30 April 2013 from the Company's Staff Provident Fund for the Aboadze Thermal Plant and for the payment of one month staff salary advance. The Aboadze Thermal Plant facility was GH¢5 million. The interest on this loan was GH¢4,914,856.87. The staff salary advance loan was GH¢7.5 million with interest of GH¢584,693.13.

### 23 Trade and other payables

| | Dec-20 GH¢ | Dec-19 GH¢ |
|---|---|---|
| Accounts payable | 769,322,260 | 629,857,928 |
| Others | 2,236,306 | 2,766,190 |
| | **771,558,566** | **632,624,118** |

### 24 Fair value of financial assets not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements (i.e. held to maturity and loans and receivables).

**Assets for which fair value approximate carrying values**

For financial assets that have a short-term maturity (less than three months), cash and bank balances, and other assets, the carrying amounts approximate to their fair values.

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

The fair values of fixed rate financial assets carried at amortised cost are estimated by comparing market interest rates when they were initially recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity.

**Financial instruments not measured at fair value**

The Directors consider the carrying amounts of the financial assets and liabilities below to approximate their fair values because the duration of the financial assets/liabilities are less than one year.

| Financial Assets | Carrying Amount 2020 | Carrying Amount 2019 | Fair Value 2020 | Fair Value 2019 |
|---|---|---|---|---|
| Bank and Cash Balances | 58,301,702 | 20,707,050 | 58,301,702 | 20,707,050 |
| Financial Investments | 1,390,123 | 1,220,140 | 1,390,123 | 1,220,140 |
| Loans and Advances to Employees | 30,043,464 | 26,338,410 | 30,043,464 | 26,338,410 |
| Other Assets (excluding Prepayments) | 805,267,704 | 506,083,006 | 805,267,704 | 506,083,007 |

Loans and advances to employees are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine the fair value. The carrying amount approximates their fir values.

Fair value of financial investments is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices fir securities with similar credit, maturity and yielding characteristics.

**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 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, The Ghana Stock Exchange).

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of Bank of Ghana's securities and other derivative contracts.

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. As of 31 December 2013, the Company did not hold any level 3 financial assets and/or

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

liabilities. This hierarchy requires the use of observable market data when available. The Company considers relevant observable market prices in its valuation where possible.

### 25 Financial risk management objective and policy

The Company's activities expose it to a variety of financial risks, including credit risk and the effects of changes in equity market prices. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the Finance and Audit committee of the Company. The committee identifies, evaluates but does not hedge its financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as credit risk and investing excess liquidity.

**Credit risk**

The Company has exposure to credit risk, which is the risk that a counterparty will default in payments when due. The product (water) which is a social commodity is sold on credit.

GWCL is exposed to credit risk when customers/consumers default on contractual obligations which could cause financial loss to the Company. To mitigate credit risk, customers are given a three (3) month credit period after which defaulters' water systems are disconnected until outstanding bills are paid in full. The Company has the right to off-set where the customer is also a supplier of the Company, as is with Electricity Corporation of Ghana (ECG) and Volta River Authority (VRA). Payments points, which operate also during weekends, are located in every vicinity. To increase payments points, GWCL also outsources to private companies. Internal audit makes regular reviews to assess the degree of compliance with the Company procedures on credit.

**Price Risk**

GWCL's price is approved by Public Utility Regulatory Commission (PURC). Approval is based on social and economic factors pertinent at the time. As proposed tariffs are usually reduced by PURC, the Company is in constant dialogue with them to approve an economic tariff that significantly covers operating and other costs of the Company which will ultimately improve the bottom-line.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. This implies that management must maintain sufficient cash and marketable securities and also ensures the availability of funding through an adequate amount of committed credit facilities.

The management of the Company monitors the planned cash inflow and outflow. An important factor in the Company's liquidity risk management is an access to a wide range of funding through the sale of water to its customers and consumers and interest earned on short term investment. Management aims at maintaining flexibility in financing sources by having undrawn committed facilities available.

The following policies and procedures are in place to mitigate the Company's exposure to liquidity risk;

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

- Liquidity risks are monitored and reviewed by management. Exposures identified are reported to the Board of Directors for action.
- Maintaining undrawn committed facilities and accessed when the need arises.

| | Dec-20 | Dec-19 |
|---|---|---|
| Current ratio | 0.31 | 0.28 |
| Liquid ratio | 0.02 | 0.01 |

The Company currently has a current ratio under 1 implying that it may not be able to pay off its short-term obligations as and when they fall due.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company's. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

**Currency risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company imports raw materials i.e. water treatment chemicals, pumps, motors etc. and as such would have to pay for them in foreign currency. Hence there is a significant exposure to foreign exchange risk.

**Interest rate risk**

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk.

The Company's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities.

The Company does not currently have any policy in place to manage gap between fixed and variable rate instruments and their maturities. All financial instruments currently bear a variable interest rate.

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

### Operational risks

Operational risk is the risk of loss arising from system failure, power outages, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorization and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process. The presence of an internal audit function also ensures that controls are in place and processes and procedures work effectively and efficiently to address these risks.

### Capital management

The Company manages its capital to ensure that it is able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of debts (long term loan) and equity of the Company (comprising stated capital and retained earnings).

The Company has a target gearing ratio of 30%; determined as the proportion of debt to equity. The gearing ratio as of 31 December 2020 was 81% and December 2019: 68%.

## 26 Contingencies and commitments

### a) Legal proceedings and regulations

A list of pending legal cases at the end of the reporting period are as follows:

| # | Case title | Nature | Estimated financial exposure | Remarks |
|---|---|---|---|---|
| i. | C13/41/2020: ARDA MUHENDISLIK SAN TIC LTD. STI **VS** GHANA WATER CO. LTD | Arda Muhendislik sued GWCL for alleged nonpayment for the Akim Oda, Akwatia and Winneba Water Expansion project | US$23,867,425.53<br>US$1,000,000.00 | GWCL counter suit for US$15,928,799.44 plus cost of GH₵2,404.044.64 |
| ii. | SUIT NO.C2/06/2020: ARDA MUHENDISLIK SAN TIC LTD. STI **VS** GHANA WATER CO. LTD | A separate suit for the recovery of pipes that were imported but were not used for the water expansion project | US$677,468.88<br>US$60,000 | |
| iii. | CM/RPC/0566/2020: SOFT TRIBE GHANA LTD **VS** GHANA WATER COMPANY LTD | Copyrights infringement | GH₵349,956.27<br>Cost - GH₵40,000 | GWCL counter suit for same amount |
| iv. | CM/RPC/0368/2021: GLORYLORD | Nonpayment of an executed contract and for payment of retention fees | GH₵363,486.54<br>Cost - GH₵35,000 | GWCL admits liability |

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

| # | Case title | Nature | Estimated financial exposure | Remarks |
|---|---|---|---|---|
| | INTERNATIONAL LTD VS GHANA WATER CO. LTD | | | |
| v. | SUIT NO. E1/23/2019: ATAKLI ALEX. K.D VS GHANA WATER CO. LTD | GWCL sued for declaration of a portion of the land on which the Sogakope Office of GWCL is situate | GH¢400,000 | Negotiations on-going to settle the matter |
| vi. | C2/8/2021: NANA AMPIM DARKO V VS 1. GHANA WATER CO. LTD 2. LANDS COMMISSION | Plaintiff sued GWCL and Lands Commission for rental compensation of the lands acquired for the Kwanyako Water Works | GH¢86,000 Cost - GH¢10,000 | |
| vii. | C1/17/2021: NANA KOJO ACQUAH III VS GHANA WATER CO | Plaintiff sued GWCL for compensation on the land occupied by GWCL's offices at Akoko Foto, Dansoman. | | |
| viii. | NII AKWANOR IV VS 1.LANDS COMMISSION 2.ATTORNEY GENERAL 3. GHANA WATER COMPANY LTD | Plaintiff sued GWCL together with the Attorney General and the Lands Commission for compensation relating to the Weija dam and the adjoining lands | | |
| ix. | GJ/0349/21: NII SACKEY AKUMEA & 4 ORS VS GHANA WATER COMPANY LTD & 12 ORS | Plaintiff also sued GWCL and the Attorney General on behalf of another family for compensation for the Weija acquisition | | |
| x. | E1/22/2020: TOGBE AMANU V VS GHANA WATER COMPANY LTD | Plaintiff sued GWCL for a payment of the estimated value of land | GH¢36,000 | GH¢30,000 settled |
| xi. | HRC/49/15: 1. DAVID APPIAH YANKSON 2.DORA ADJOA BONNAH VS GHANA WATER CO. LTD | Plaintiffs sued GWCL and obtained judgement for demoting them without just cause and for reinstatement to their previous positions, as well as damages. Plaintiff has since appealed the decision of the High Court | | |
| xii. | NO. E2/10/19: HENRY KOFI AGBAFA VS GHANA WATER CO. LT | Plaintiff sued GWCL for unlawful and illegal dismissal and subsequent reinstatement. The High Court held that the dismissal was lawful | | Plaintiff appealed and judgment on 7th July by the Court of Appeal |
| xiii. | No. GJ/1430/2019: EAGLE EYE SECURITY VS GHANA WATER CO. LTD | Plaintiff sued GWCL for compensation for breach of contract and damages. | | |
| xiv. | A2/38/2021: B.A AUTO PARTS VS 1.GHANA WATER CO. LTD 2.MR IDDRISU MAHAM | Plaintiff sued GWCL for the cost of damages caused to its property by reason of GWCL installing underground water pipes | GH¢15,000 | Settlement negotiation ongoing |

## Notes to the financial statements

*(All amounts are in Ghana Cedis)*

| # | Case title | Nature | Estimated financial exposure | Remarks |
|---|---|---|---|---|
| xv. | GJ/1098/2019: ALL CITY STRIKE FORCE SECURITY LTD VS GHANA WATER CO. LTD | Plaintiff sued GWCL for the recovery of sums owed it; payment of interest, VAT and NHIL on the said sums; and damages for breach of contract | GH₵97,500.75 | |
| xvi. | LD/0464/2017: GHANA WATER CO. LTD VS NANA YAA ASAMOAH & ANOR | GWCL sued the Defendant for recovery of possession to land adjoining Block N of the Kanda Flats | | |
| xvii. | C1/160/17 Nana Yaw Osei vs. GWCL | Declaration of title to land | | |
| xviii. | C12/226/16 Nana Amofa Dwomo & others vs. GWCL | Compensation | GH₵229,462,875.74 | |

### b) Capital commitments

At the reporting date, the Company had the following capital commitments in respect of on-going projects:

| Project Name | Description | Capital Commitment (Estimated cost to completion) |
|---|---|---|
| Sogakope-Lome Transboundary Water Project | Updating of feasibility study and ESIA and the preparation of tender documents for the project | €54,875 |
| Upper East Region Water Supply Project | Construction of 4.9MGD water supply scheme for Bolgatanga, Navrongo, Zuarungu, Paga and its environs. | €1,313,348.85 |
| Greater Accra Metropolitan Area (GAMA) Sanitation and Water Project | Pipeline improvement works to increase access to improved water supply in GAMA with emphasis on low-income communities | US$700,000 |

## 27 Related party transactions

### a) Transactions with directors and key management personnel

Directors and key management personnel refer to those personnel with authority and responsibility for planning, directing and controlling the business activities of the Company. These personnel are the Directors of the Company.

The remuneration of Directors during the year was as follows:

| | Dec-2020 | Dec-2019 |
|---|---|---|
| Short-term benefits | 2,032,736 | 2,178,741 |
| Post -employment benefits | - | - |
| | 2,032,736 | 2,178,741 |

The remuneration of Directors is determined by the board of directors

**b) Transactions with board of directors**

| | Dec-2020 | Dec-2019 |
|---|---|---|
| Total board allowances including monthly allowances | 255,202 | 782,908 |

**28 Events after the reporting period**

The Directors confirm that apart from the disclosures in note 26(a) above, no other events have occurred between the year end and date of signing this report that requires disclosure or could materially affect the financial statements.