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**Ghana National Petroleum
Corporation (GNPC)**

**Consolidated and separate financial
statements
31 December 2021**

Ghana National Petroleum Corporation

Consolidated and separate financial statements **For the year ended 31 December 2021**

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Ghana National Petroleum Corporation

Corporate information

For the year ended 31 December 2021

Board of directors:	Mr. Freddie Blay Dr. Kofi Koduah Sarpong Nana Ogye Ahohoo Yaw Gyebi II Mr. Martin Kwabena Kwakye Mr. Yaw Kyei Yoo Naa Andani Yakubu Abu V Ms. Ama Ghamfuah Abrefa Mrs. Nana Adjoa Hackman Prof. John S. Nabila	Chairman (Reappointed 30 July 2021) Chief Executive (Reappointed 30 July 2021) Member (Reappointed 30 July 2021) Member (Reappointed 30 July 2021) Member (Reappointed 30 July 2021) Member (Appointed 30 July 2021) Member (Appointed 30 July 2021) Term expired (06 January 2021) Term expired (06 January 2021)
Secretary:	Veritas International Nominees & Trustees Limited 5 th Floor, Platinum Place Kanda Highway, Accra	
Business address:	Petroleum House, Tema	
Postal address:	Private Mail Bag, Tema	
Auditors:	Deloitte & Touche The Deloitte Place Plot No. 71 Off George Walker Bush Highway P. O. Box GP 453 North Dzorwulu, Accra	
Bankers:	Bank of Ghana GCB Bank PLC Ecobank Ghana Limited Ghana International Bank Plc – London GT Bank (Ghana) Limited National Investment Bank Limited	

Ghana National Petroleum Corporation

Report of the directors

For the year ended 31 December 2021

The Directors have the pleasure of presenting this annual report to the Government of Ghana, through the Minister for Energy, for the year ended 31 December 2021.

1. Principal activities

The Ghana National Petroleum Corporation (GNPC) is Ghana's National Oil Company (NOC), established in 1983 by PNDC Law 64, to support the government's objective of providing adequate and reliable supply of petroleum products and reducing the country's dependence on crude oil imports, through the development of the country's own petroleum resources.

The Objects of the Corporation are to undertake the exploration, development, production and disposal and refining of crude oil.

The Corporation shall:

- a) Promote the exploration and the orderly and planned development of the petroleum resources of Ghana;
- b) Ensure that Ghana obtains the greatest possible benefits from the development of its petroleum resources;
- c) Obtain the effective transfer to Ghana of appropriate technology relating to petroleum operations;
- d) Ensure the training of citizens of Ghana and the development of national capabilities in all respects of petroleum operations; and
- e) Ensure that petroleum operations are conducted in such manner as to prevent adverse effects on the environment, resources and people of Ghana.

2. Mission statement

To lead the sustainable exploration, development, production and disposal of the petroleum resources of Ghana, by leveraging the right mix of domestic and foreign investments in partnership with the people of Ghana.

3. Responsibilities of the Board of Directors in the preparation of the financial statements

The Directors are responsible for preparing financial statements for each accounting period, which give a true and fair view of the state of affairs of the Corporation and the Group as at the end of the accounting period.

In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Corporation will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Corporation and Group which ensures that the financial statements comply with relevant legislation and accounting standards. The Directors are also responsible for safeguarding the assets of the Corporation and Group and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Ghana National Petroleum Corporation

Report of the directors

For the year ended 31 December 2021

4. Results of operations

The results for the year and the state of affairs of the Corporation are shown in the enclosed financial statements.

5. Board of Directors

The composition of the Board of Directors of the Corporation at 31 December 2021 is reported on page 2 of the financial statements. The Board was dissolved on 6 January 2021 pursuant to Section 14(1) of the Presidential (Transition) Act, 2012, Act 845. The Board was reconstituted 30 July 2021 and inaugurated on 31 August 2021.

Directors' fees for services rendered during the year under review are disclosed in note 36 on page 74 of the financial statements.

6. Capacity building programmes for Directors during the year

Extensive training was provided for the Directors to enhance their capacity in discharging their duties during the year.

7. Changes in Chief Executive

On 21 April 2022, Mr. Opoku-Ahweneen Danquah was appointed as acting Chief Executive of the Corporation effective 22 April 2022 by the office of the President.

8. Particulars of entries in the interest register

The Directors have no interest to warrant an entry in the interest register during the year.

9. Compliance with relevant legislation and accounting framework

The financial statements, including comparative year information, are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Ghana National Petroleum Corporation Law, 1983 (PNDC Law 64), Petroleum Revenue Management Act, 2011 (Act 815) as amended and the Companies Act, 2019 (Act 992).

10. Subsidiary companies

The Corporation owns sixty per cent (60%) of the issued shares of Mole Motel Limited, a company incorporated in Ghana, to carry on the business in the hospitality industry.

The Corporation also owns ninety per cent (90%) of the shares of Prestea Sankofa Gold Limited, a company incorporated in Ghana and is into mining operations.

The Corporation also owns hundred per cent (100%) of the shares of GNPC Exploration and Production Company Limited, a company incorporated in Ghana to carry out the business of crude oil exploration and production.

The Corporation also owns hundred per cent (100%) of the shares of Jubilee Holding Oil Limited (JHOL), a company incorporated in Cayman Islands with a branch operations in Ghana to carry out the business of crude oil exploration and production

Ghana National Petroleum Corporation

Report of the directors

For the year ended 31 December 2021

12. Dividend

The Directors do not recommend the payment of dividend for the year ended 31 December 2021 (2020: Nil).

13. Corporate social responsibility

An amount of US\$34,089,227 was spent on fulfilling the corporate social responsibility of the Corporation (2020: US\$64,664,145). Sponsorship activities for 2021 included road infrastructure for various communities, health and education. See note 40 for details.

14. Going concern

The Directors have assessed the ability of the Corporation to continue as a going concern and have a reasonable expectation that the Corporation and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future. Thus, the going concern basis has been adopted in preparing the annual financial statements of the Corporation and the Group.

Approval of the financial statements

The financial statements of the Corporation and the Group were approved by the Board of Directors on ~~21-12-2021~~ 2022 and signed on their behalf by:

Director:.....

Date:

21-12-2022

Director:.....

Date:

21-12-2022

Independent auditor's report To the Government of Ghana, through the Minister for Energy

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Ghana National Petroleum Corporation ("the Corporation") and its subsidiaries (together "the Group"), set out on pages 13 to 76, which comprise the consolidated and separate statements of financial position as at 31 December 2021, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity, consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory disclosures.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Ghana National Petroleum Corporation as at 31 December 2021, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), the Ghana National Petroleum Corporation Law, 1983 (PNDC Law 64), Petroleum Revenue Management Act, 2011 (Act 815) as amended and the Companies Act, 2019 (Act 992).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the consolidated and separate Financial Statements* section of our report. We are independent of the Group and Corporation in accordance with the requirements of International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of Ghana National Petroleum Corporation and its subsidiaries. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audits of Ghana National Petroleum Corporation and its subsidiaries.

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



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Independent auditors' report To the Government of Ghana, through the Minister for Energy

Other information

The directors are responsible for the other information. The other information comprises the Report of the Directors which we obtained prior to the date of the report. The other information does not include the consolidated and separate financial statements and our auditors' report thereon.

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

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

Key audit matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

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Independent auditors' report To the Government of Ghana, through the Minister for Energy

Key audit matter	How the matter was addressed in the audit
<p>Challenges with the migration of opening balances in Accounting Software - SAP HANA</p> <p>The Corporation introduced SAP HANA Accounting Software in 2017. There have been challenges with the roll forward of opening balances for 2021. The Corporation is unable to generate a complete and accurate trial balance from the SAP System. As a result of this, the Corporation runs a parallel system where the SAP HANA Accounting Software and Microsoft Excel are used for the purpose of financial reporting.</p> <p>Transactions during the year are captured in SAP HANA Accounting software, then spooled and reconciled. The reconciled transactions are added to the audited opening balances from prior year to arrive at the closing balances. This forms the basis of the trial balance and the financial statements.</p> <p>Due to the manual interventions in arriving at the closing balances for financial reporting using Microsoft Excel, there is a likelihood of material misstatements inherent in balances reported at year-end.</p>	<p>We evaluated and tested the design and implementation of the key controls over the recording of transactions by the Corporation.</p> <p>In performing the tests of controls, we considered the appropriateness of the control, considering the nature and significance of the risk, competence and authority of the person(s) performing the control, as well as the frequency and consistency with which the control is performed.</p> <p>We performed further audit procedures:</p> <ol style="list-style-type: none"> a. Obtained the trial balance and checked the cast for completeness and accuracy. b. Agreed the 2021 opening balances to the prior year signed account (2020) noting no exceptions. c. Independently obtained a complete download of the transactions for the year from SAP - HANA and reconciled the download to ensure its completeness and accuracy. d. We added the reconciled transactions for the year to the opening balances to arrive at the closing balances for 2021. e. Compared our expected trial balance to that provided by the Corporation. f. g. We checked the schedules that have been prepared for the trial balance that was provided to us. h. For sampled transactions, we obtained sufficient and appropriate audit evidence to confirm the occurrence and accuracy of transactions from the SAP HANA Accounting system. i. During our substantive testing, we maintained a high level of professional skepticism of transactions outside the normal course of business. j. Performed detailed analysis of journal entries processed throughout the year to identify whether there are any characteristics of fraudulent activity present. <p>Based on the procedures described above, we found the reconciled trial balance per the Microsoft Excel provided by the Corporation to be complete and accurate.</p>

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Independent auditors' report To the Government of Ghana, through the Minister for Energy

<p>Valuation of petroleum projects</p> <p>The net petroleum project values constitute approximately fifty-three percent (53%) of total assets as at the end of the year. Petroleum projects represent GNPC's share of the oil development cost incurred by the operators of the various production and development sites.</p> <p>These are recognised based on the cash calls received from the operators during the year. The balance is amortised at the year-end using the Unit of Production Method which involves elements of estimates.</p> <p>We have identified the valuation of petroleum projects as a key audit matter as a result of its material size and sensitivity to changes in the underlying assumptions of valuation.</p>	<p>We performed the following audit procedures with respect to the valuation of Petroleum Projects: We</p> <ul style="list-style-type: none"> Analyzed the detailed list of Petroleum Project additions to remove extraneous amounts (e.g., offsetting and reconciling to zero). Obtained evidence through inspection of the invoices and corroborative inquiry combined with our understanding of the underlying asset, that the amount was appropriate to capitalize and confirmed that these amounts were capitalized to the appropriate project. Traced these to the Petroleum Agreements and other technical documents. Tested the basis on which additions were recorded by critically examining the various cash calls and funding files support received from the various field operators. Examined invoices, authorisations, contracts, agreements, and other data supporting ownership of assets capitalised during the period. We examined management's assessment of impairment by Unit of production method including assessing the reasonableness of key assumptions used in estimating the Corporation's share of crude oil and gas reserves. Tested the reasonability petroleum projects during the year. Documented and tested considerations used to arrive at ultimate reserves. <p>Based on the procedures described above, we found management's valuation the Petroleum Projects reasonable.</p>
<p>Oil and gas reserve estimation</p> <p>The estimation and measurement of oil and gas reserves is considered a key audit matter as it impacts material elements of the financial statements including amortisation of Petroleum Project assets.</p> <p>The estimation of the Reserves involves technical uncertainty in assessing reserve quantities based on deterministic and probabilistic methods.</p> <p>The scope of our procedures in respect to reserve estimation included contingent resources that impact the financial statements, relating to the various producing fields which have been justified for development.</p>	<p>We performed the following audit procedures with respect to management's estimation of the oil and gas reserves.</p> <ul style="list-style-type: none"> confirmed our understanding of the Corporation's oil and gas reserve estimation process as well as the control environment implemented by management; we assessed the appropriateness of reliance on management's internal reserve specialists by performing procedures to evaluate their objectivity and competency; we held discussions with management's internal specialists to understand the basis and appropriateness of the estimate; reconciled and compared the reserve volumes applied throughout the relevant accounting processes such as the petroleum project amortization computation; and we compared the reserves estimated by the operators of the fields. <p>Based on the procedures described above, we found management's estimation of the gas and oil reserve reasonable.</p>

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Independent auditors' report To the Government of Ghana, through the Minister for Energy

Responsibilities of the Directors for the consolidated and separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the Ghana National Petroleum Corporation Law, 1983 (PNDC Law 64), Petroleum Revenue Management Act, 2011 (Act 815) as amended, and the Companies Act, 2019 (Act 992), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting processes.

Auditors' responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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.

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Independent auditors' report To the Government of Ghana, through the Minister for Energy

- 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

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Independent auditors' report To the Government of Ghana, through the Minister for Energy

Report on Other Legal and Regulatory Requirements

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

1. We have obtained the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.
2. In our opinion:
 - proper books of accounts have been kept by the Group, so far as appears from our examination of those books.
 - the information and explanations given to us, were in the manner required by the Companies Act, 2019 (Act 992) and give a true and fair view of the:
 - a. statement of financial position of the Group at the end of the financial year, and
 - b. statement of profit or loss and other comprehensive income for the financial year.
 - the group accounts have been properly prepared in accordance with the Companies Act, 2019 (Act 992), to give a true and fair view of the state of affairs, and the profit or loss of the Corporation and its subsidiaries.
3. The Group's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the accounting records and returns.
4. The group account has been properly prepared in accordance with the Companies Act, 2019 (Act 992), to give a true and fair view of the state of affairs, and the profit or loss of the Corporation and its subsidiaries.
5. We are independent of the group, pursuant to Section 143 of the Companies Act, 2019 (Act 992).

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



**For and on behalf of Deloitte & Touche (ICAG/F/2022/129)
Chartered Accountants
The Deloitte Place, Plot No. 71
Off George Walker Bush Highway
North Dzorwulu
Accra Ghana**

28th December, 2022

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Ghana National Petroleum Corporation

Consolidated and separate statement of profit or loss and other comprehensive income For the year ended 31 December 2021

	Notes	Group		Corporation	
		2021 US\$	2020 US\$	2021 US\$	2020 US\$
Revenue	5	995,194,224	758,713,868	937,689,391	758,537,560
Cost of sales	6	(828,345,298)	(756,265,502)	(800,853,342)	(756,239,708)
Gross profit		166,848,926	2,448,366	136,836,049	2,297,852
Other operating income	7	27,068,106	22,569,459	27,048,963	22,568,370
General & administrative expenses	8	(161,652,639)	(168,971,076)	(133,986,312)	(168,706,910)
Other operating expenses	9	(3,606,843)	(2,034,088)	(3,606,843)	(2,034,088)
Operating profit/(loss)		28,657,550	(145,987,339)	26,291,857	(145,874,776)
Finance cost	10	(15,709,398)	(17,521,714)	(15,610,691)	(17,517,120)
Profit/(loss) before tax		12,948,152	(163,509,053)	10,681,166	(163,391,896)
Taxation	11a	(9,302,049)	17,768	-	-
Profit/(loss) after tax		3,646,103	(163,491,285)	10,681,166	(163,391,896)
Other comprehensive income for the year					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement gains/(losses) of defined benefit obligation	31.2	512,848	(779,019)	512,848	(779,019)
Items that may be reclassified subsequently to profit or loss:					
Translation Difference		37,866	122,358	-	-
Other comprehensive income for the year, net of tax		550,714	(656,661)	512,848	(779,019)
Total comprehensive income for the year, net of tax		4,196,817	(164,147,946)	11,194,014	(164,170,915)
Profit/(loss) for the year attributable to:					
Owners of the Corporation		6,087,155	(163,103,042)	-	-
Non-controlling Interests		(2,441,052)	(388,243)	-	-
		3,646,103	(163,491,285)	-	-
Total comprehensive income attributable to:					
Owners of the Corporation		6,622,723	(163,775,356)	-	-
Non-controlling interests		(2,425,906)	(372,590)	-	-
		4,196,817	(164,147,946)	-	-

The notes 1 to 41 form an integral part of these financial statements.

Ghana National Petroleum Corporation

Consolidated and separate statement of financial position

As at 31 December 2021

Assets	Notes	Group		Corporation	
		2021 US\$	2020 US\$	2021 US\$	2020 US\$
Non-current assets					
Property, plant & equipment	12	87,954,612	69,927,987	86,585,612	69,581,260
Intangible assets	13	844,921	2,061,602	844,921	2,061,602
Exploration and evaluation assets	14	96,976,425	93,055,569	79,296,206	79,140,868
Petroleum projects	15	719,465,311	578,604,250	538,225,980	578,604,250
Other non-current assets	16	-	3,310,164	-	3,310,164
Due from government agencies	18	268,782,359	390,512,170	268,782,359	390,512,170
Investment in subsidiaries	19	-	-	165,617,316	22,720
Total non-current assets		1,174,023,628	1,137,471,742	1,139,352,394	1,123,233,034
Current assets					
Inventories	21	495,832	278,705	187,420	269,524
Due from related parties	22	-	-	31,586,110	14,750,575
Trade and other receivables	23	179,908,988	383,460,531	159,843,182	383,438,198
Prepayment	24	940,872,469	373,250,466	940,872,469	373,250,466
Taxation	11a	-	3,333	-	-
Cash & bank balances	25	20,119,802	55,140,328	19,934,564	55,122,182
Total current assets		1,141,397,091	812,133,363	1,152,423,745	826,830,945
Total assets		2,315,420,719	1,949,605,105	2,291,776,139	1,950,063,979

The notes 1 to 41 form an integral part of these financial statements

Ghana National Petroleum Corporation

Consolidated and separate statement of financial position (continued)

As at 31 December 2021

Equity and Liabilities	Notes	Group		Corporation	
		2021 US\$	2020 US\$	2021 US\$	2020 US\$
Equity					
Stated capital	26	3,332,726	3,332,726	3,332,726	3,332,726
Petroleum Equity & Project Fund	27 & 28	156,942,922	246,768,918	156,942,923	246,768,918
Decommissioning Fund	8.1	28,247,075	22,300,000	28,247,075	22,300,000
Retained earnings		181,442,416	85,016,417	199,548,464	98,528,455
Translation reserve		(22,695)	2,942,593	-	-
Equity attributable to equity holders of the parent		369,942,444	360,360,654	388,071,188	370,930,099
Non-controlling interests		(2,425,906)	(3,393,960)	-	-
Total equity		367,516,538	356,966,694	388,071,188	370,930,099
Non-current liabilities					
Training & Technology Fund	29	46,617,060	42,402,851	46,617,060	42,402,851
Medium term loans	30	1,321,489,803	593,674,793	1,321,397,045	593,181,146
Deferred tax liabilities	11c	27,165	21,300	-	-
Employee benefits obligation	31	2,633,074	2,234,647	2,633,074	2,234,647
Total non-current liabilities		1,370,767,102	638,333,591	1,370,647,179	637,818,644
Current liabilities					
Trade & other payables	32	567,829,043	954,304,820	533,057,772	941,315,236
Taxation	11b	9,308,036	-	-	-
Total current liabilities		577,137,079	954,304,820	533,057,772	941,315,236
Total liabilities		1,947,904,181	1,592,638,411	1,903,704,951	1,579,133,880
Total equity and liabilities		2,315,420,719	1,949,605,105	2,291,776,139	1,950,063,979

Director:.....

Date: 21-12-2022

Director:.....

Date: 21-12-2022

The notes 1 to 41 form an integral part of these financial statements.

Ghana National Petroleum Corporation
Consolidated and separate statement of changes in equity
For the year ended 31 December 2021

Group	Stated capital US\$	Decommissioning fund US\$	Petroleum equity & Project fund US\$	Retained earnings US\$	Exchange translation reserve US\$	Non-Controlling Interest US\$	Total equity US\$
As at 1 Jan 2021	3,332,726	22,300,000	246,768,918	85,016,417	2,942,593	(3,393,960)	356,966,694
Profit for the year	-	-	-	6,087,155	-	(2,441,052)	3,646,103
Net movement in non-controlling interest	-	-	-	-	(2,988,008)	3,393,960	405,952
Other comprehensive income	-	-	-	512,848	-	-	512,848
Decommissioning Fund	-	5,947,075	-	-	-	-	5,947,075
Translation difference	-	-	-	-	22,720	15,146	37,866
Transfer to retained earnings	-	-	(89,825,996)	89,825,996	-	-	-
As at 31 Dec 2021	3,332,726	28,247,075	156,942,922	181,442,416	(22,695)	(2,425,906)	367,516,538
As at 1 Jan 2020	3,332,726	-	473,199,110	23,544,062	2,835,888	(3,018,807)	499,892,979
Loss for the year	-	-	-	(163,103,042)	-	(388,243)	(163,491,285)
Net movement in non-controlling interest	-	-	-	(1,075,776)	-	(2,563)	(1,078,339)
Other comprehensive income	-	-	-	(779,019)	-	-	(779,019)
Decommissioning Fund	-	22,300,000	-	-	-	-	22,300,000
Translation difference	-	-	-	-	106,705	15,653	122,358
Transfer to retained earnings	-	-	(226,430,192)	226,430,192	-	-	-
As at 31 Dec 2020	3,332,726	22,300,000	246,768,918	85,016,417	2,942,593	(3,393,960)	356,966,694

Ghana National Petroleum Corporation

Consolidated statement of changes in equity (continued) For the year ended 31 December 2021

Corporation	Stated capital US\$	Decommissioning fund US\$	Petroleum equity & Project fund US\$	Retained earnings US\$	Total equity US\$
Balance at 1 Jan 2021	3,332,726	22,300,000	246,768,918	98,528,455	370,930,099
Loss for the year	-	-	-	10,681,166	10,681,166
Other comprehensive income	-	-	-	512,848	512,848
Decommissioning Fund	-	5,947,075	-	-	5,947,075
Transfer from retained earnings	-	-	(89,825,995)	89,825,995	-
Balance at 31 Dec 2021	3,332,726	28,247,075	156,942,923	199,548,464	388,071,188
Balance at 1 Jan 2020	3,332,726	-	473,199,110	36,269,178	512,801,014
Profit for the year	-	-	-	(163,391,896)	(163,391,896)
Other comprehensive income	-	-	-	(779,019)	(779,019)
Decommissioning Fund	-	22,300,000	-	-	22,300,000
Transfer from retained earnings	-	-	(226,430,192)	226,430,192	-
Balance at 31 Dec 2020	3,332,726	22,300,000	246,768,918	98,528,455	370,930,099

The notes 1 to 41 form an integral part of these financial statements

Ghana National Petroleum Corporation

Consolidated statement of cash flows (continued)

For the year ended 31 December 2021

	Notes	Group 2021 US\$	2020 US\$	Corporation 2021 US\$	2020 US\$
Cash flows from operating activities					
Profit/(loss) before tax		12,948,288	(163,509,053)	10,681,166	(163,391,896)
Adjustments for:					
Depreciation charge	12	6,345,486	2,687,882	2,299,310	2,597,726
Amortisation of intangible assets	13	1,362,590	1,331,604	1,362,590	1,331,604
Petroleum project cost amortisation	15.1	59,938,974	75,188,715	59,938,972	75,188,715
Net foreign exchange differences		(17,435,017)	(3,897,847)	-	-
Provisions and accruals		3,480,898	(4,973,937)	480,898	(4,973,937)
Write back of subsidiary impairment		-	-	-	-
Finance cost		15,709,262	17,512,526	15,610,691	17,517,120
Finance income		(526,687)	(167,782)	(526,687)	(167,782)
Working capital adjustments:					
Decrease in amount due from government & its agencies		121,729,811	109,865,917	121,729,811	109,865,917
Decrease/(increase) in inventories		(217,127)	31,904	(82,102)	28,441
Increase in amount due from related party		-	-	(16,835,534)	(3,907,113)
Increase in receivables		(364,070,460)	(118,114,846)	(344,026,987)	(118,119,864)
Decrease in payables		(386,375,728)	260,772,911	(408,257,464)	260,776,281
Income taxes paid		(1,302)	(5,209)	-	-
Net cash generated from operating activities		(547,111,012)	176,722,785	(557,625,336)	176,745,212

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Ghana National Petroleum Corporation

Consolidated statement of cash flows (continued) For the year ended 31 December 2021

	Notes	Group		Corporation	
		2021 US\$	2020 US\$	2021 US\$	2020 US\$
Net cash generated from operating activities		(547,111,012)	176,722,785	(557,625,336)	176,745,212
Cash flows from investing activities					
Purchase of property, plant & equip.	12	(24,382,850)	(34,260,330)	(19,303,662)	(34,224,387)
Purchase of intangible assets	13	(145,909)	(933,948)	(145,909)	(933,948)
Additions to petroleum projects	15	(200,800,033)	47,967,428	(19,560,702)	47,967,428
Exploration assets	14	(3,920,856)	(3,861,487)	(1,186,270)	(3,861,487)
Right of use of asset		(148,907)	(148,906)	(148,906)	(148,906)
Defined benefit obligation payment		(509,333)	(426,318)	(509,333)	(426,318)
Proceeds from financial assets at amortised cost		-	3,687,917	-	3,687,917
Acquisition of subsidiary		-	-	(165,594,596)	-
Interest received		526,687	167,782	526,687	167,782
Net cash used in investing activities		(229,381,201)	12,192,138	(142,778,773)	12,228,081
Cash flows from financing activities					
Proceeds from loan		743,831,608	(74,328,324)	730,720,329	(74,323,397)
Repayment of loan		(6,574,129)	(82,977,834)	(6,574,129)	(83,038,935)
Receipt/(payment) for training & technology grant		4,214,209	(477,860)	4,214,209	(477,860)
Net cash (used in)/generated by financing activities		741,471,688	(157,784,018)	728,360,409	(157,840,192)
Net (decrease)/ increase in cash and cash equivalents		(35,020,526)	31,130,908	(35,187,618)	31,133,102
Cash & cash equivalents at 1 January		55,140,328	24,011,123	55,122,182	23,989,081
Cash & cash equivalents at 31 December	25	20,119,802	55,140,328	19,934,564	55,122,181

The notes 1 to 41 form an integral part of these financial statements

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Ghana National Petroleum Corporation

Notes to the consolidated financial statements

For the year ended 31 December 2021

1 General information

Ghana National Petroleum Corporation is a Corporation established by the Ghana National Petroleum Corporation Law, 1983 (PNDC Law 64) and domiciled in Ghana. The Corporation's registered office is at Petroleum House, Tema. Its ultimate controlling party is the Government of Ghana through the Ministry for Energy.

The principal activities of the Corporation are exploration, development, production, disposal and refining of crude oil.

2 Application of new and revised standards, amendments and interpretations

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts—Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Noncurrent

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements For the year ended 31 December 2021

2. Application of new and revised standards, amendments and interpretations - continued

Amendments to IFRS 3 Business Combinations—Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 *Conceptual Framework* instead of the 1989 *Framework*. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 *Levies*, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The Group measures the cost of those items in accordance with IAS 2 *Inventories*.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the Group's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Group first applies the amendments.

The Group shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements For the year ended 31 December 2021

2. Application of new and revised standards, amendments and interpretations - continued

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets—Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the Group has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the Group first applies the amendments. Comparatives are not restated. Instead, the Group shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to IFRS Standards 2018-2020—Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The Annual Improvements include amendments to four Standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to recognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the Group first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements For the year ended 31 December 2021

2. Application of new and revised standards, amendments and interpretations - continued

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements—Disclosure of Accounting Policies*

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates*

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements For the year ended 31 December 2021

2. Application of new and revised standards, amendments and interpretations - continued

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - Right-of-use assets and lease liabilities
 - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements For the year ended 31 December 2021

3 Summary of significant accounting policies

3.1 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards.

3.2 Basis of preparation

The consolidated and separate financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements For the year ended 31 December 2021

3 Summary significant accounting policies (continued)

3.3 Basis of consolidation

The consolidated and separate financial statements incorporate the financial statements of the Corporation and entities (including structured entities) controlled by the Corporation and its subsidiaries. Control is achieved when the Corporation:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Corporation reassesses whether or not it controls an investee if the facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Corporation has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Corporation considers all relevant facts and circumstances in assessing whether or not the Corporation's voting rights in an investee are sufficient to give it power, including:

- the size of the Corporation's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Corporation, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Corporation has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Corporation obtains control over the subsidiary and ceases when the Corporation loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Corporation gains control until the date when the Corporation ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Corporation and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements

For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

3.4 Interests in joint arrangements

IFRS defines a joint arrangement as an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control

3.4.1 Joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. In relation to its interests in joint operations, the Corporation recognises its:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation;
- Share of the revenue from the sale of the output by the joint operation; and
- Expenses, including its share of any expenses incurred jointly.

3.4.2. Joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. The Corporation's investment in its joint venture is accounted for using the equity method. Under the equity method, the investment in the joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Corporation's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss and other comprehensive income (OCI) reflects the Corporation's share of the results of operations of the joint venture. Any change in OCI of that investee is presented as part of the Corporation's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Corporation recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Corporation and the joint venture are eliminated to the extent of the interest in the joint venture.

Investments in joint ventures are measured at cost in the corporation's separate financial statements.

3.4.3. Investments in associates

An associate is an entity over which the Corporation has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements

For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

3.4.3. Investments in associates (continued)

Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group. Investments in associates are measured at cost in the corporation's separate financial statements

Ghana National Petroleum Corporation

Notes to the consolidated financial statements For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

3.5 Foreign currencies

The Group's consolidated financial statements are presented in US Dollars, which is the same as the Corporation's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group presents its financial statements in US Dollars.

Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- (ii) income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates; and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss

3.6 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of materials is the purchase cost, determined on first-in, first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.7 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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 Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, 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 statement of profit or loss and other comprehensive income 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 part of finance costs in the statement of profit or loss and other comprehensive income.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

3.8 Oil exploration, evaluation and development expenditure

Oil exploration, evaluation and development expenditure is accounted for using the successful efforts method of accounting.

(a) Exploration and evaluation costs

Exploration and evaluation activity involve the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalised as exploration and evaluation intangible assets until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable employee remuneration, materials and fuel used, rig costs and payments made to contractors.

Geological and geophysical costs are recognised in the statement of profit or loss and other comprehensive income, as incurred. If no potentially commercial hydrocarbons are discovered, the exploration asset is written off through the statement of profit or loss and other comprehensive income as a dry hole. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), it is probable that they can be commercially developed, the costs continue to be carried as an intangible asset while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalised as an intangible asset.

All such capitalised costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off through the statement of profit or loss and other comprehensive income.

When proved reserves of oil and natural gas are identified and development is sanctioned by management, the relevant capitalised expenditure is first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is transferred to oil and gas properties. Other than licence costs, no amortisation is charged during the exploration and evaluation phase.

(b) Development costs

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within oil and gas properties.

3.9 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, but exclude any restricted cash. Restricted cash is not available for use by the Corporation and its subsidiaries and therefore is not considered highly liquid - for example, cash set aside to cover decommissioning obligations.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

Initial recognition

Oil and gas properties and other property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within property, plant and equipment.

When a development project moves into the production stage, the capitalisation of certain construction/development costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to oil and gas property asset additions, improvements or new developments.

Depreciation/amortisation

Oil and gas properties are depreciated/amortised on a unit-of-production basis over the total proved developed and undeveloped reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. Rights and concessions are depleted on the unit-of-production basis over the total proved developed and undeveloped reserves of the relevant area. The unit-of-production rate calculation for the depreciation/amortisation of field development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure.

Other property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives. The following rates are applicable:

Leasehold land & buildings	2-7%
Furniture & fittings	10-30%
Office & bungalow equipment	20%
Motor vehicles	25%
Other machinery & equipment	5%
Petroleum projects	Units of production (UoP)

Ghana National Petroleum Corporation

Notes to the consolidated financial statements For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

Depreciation/amortisation

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation/amortisation are reviewed at each reporting period and adjusted prospectively, if appropriate.

3.10 Oil and gas properties and other property, plant and equipment

Major maintenance, inspection and repairs

Expenditure on major maintenance refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset, or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the Corporation and its subsidiaries, the expenditure is capitalised. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) and is immediately written off. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

3.11 Other intangible assets

Other intangible assets include computer software

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets with definite lives are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any. Indefinite lived intangibles are not amortised, instead they are tested for impairment annually.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised. Instead, the related expenditure is recognised in the statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements For the year ended 31 December 2021

3. Summary of significant accounting policies (continued)

3.11 Other intangible assets

Other intangible assets include computer software

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised.

3.12 Impairment of non-financial assets

The carrying values of non-financial assets are reviewed for indications of impairment annually, or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units to which the asset belongs are written down to their recoverable amount. The recoverable amount of non-financial assets is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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 statement of profit or loss unless the asset is carried at revalue amount, in which case the reversal is treated as a revaluation increase.

3.12 Financial instruments

Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables and amounts due from government.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and other comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements

For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

3.13 Financial instruments (continued)

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss and other comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss and other comprehensive income.

Dividends on listed equity investments are also recognised as other income in the statement of profit or loss and other comprehensive income when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired

or

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

Ghana National Petroleum Corporation

Notes to the consolidated financial statements

For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument.

The Group considers a financial asset in default when contractual payments are significantly past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

This category generally applies to interest-bearing loans and borrowings.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements **For the year ended 31 December 2021**

3 Summary of significant accounting policies (continued)

Loans and borrowings – continued

Derecognition

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.

c. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements

For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

3.14 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. Control is generally transferred when the product is physically transferred into a vessel, pipe or other delivery mechanism.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any)

Revenue from the production of crude oil and gas is recognised based on the terms of the relevant Petroleum Agreement and the Petroleum Revenue Management Act 815, 2011 (PRMA) as amended.

The PRMA specifies the sharing of the crude oil proceeds between the State and GNPC. Revenue therefore represents the equity financing costs and the cash or the equivalent barrels of oil ceded to the national oil company out of the carried and participating interests recommended by the Minister of finance and approved by Parliament.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). The Group's summary accounting policies for financial assets are described in section 3.13.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements For the year ended 31 December 2021

3. Summary of significant accounting policies (continued)

3.14 Revenue recognition (continued)

The Early lifting Arrangement

Section 2.1.2(b) of The Supplementary Agreement signed between the OCTP Contractor and GNPC, in December 2014 required the Contractor to lift GNPC's first and every other Crude Oil cargo, up to the value of US\$200 million, from the start of the Commercial Production Period. The crude barrels ceded to the Contractor was to be recovered by GNPC prior to the end of the economic life of the field, projected to be in 2035/2036.

For the period July 2019 to September 2021, the Contractor lifted 3,368,185 barrels of oil amounting to US\$200million. Contractor will reimburse GNPC with the same amount of crude oil in 2035 and/or 2036 as appropriate. If there is insufficient oil at the end of the Commercial Production Period, the outstanding amount will be paid in cash based on Dated Brent or in kind (at Contractor's election) by the Contractor to GNPC.

GNPC would recognize its share of the revenue based on the amount ceded to it in 2035 in accordance with the provisions of the Petroleum Revenue Management Act (PRMA).

Remainder on Board (ROB) Stock

ROB Stock forms part of the mutually acceptable commercial terms in the Supplementary Agreement referenced above.

Section 2.1.3 of the agreement requires GNPC to pay to contractor cash equivalent of 240,000 barrels of crude oil as fuel to run the FPSO. The crude oil will be valued at the market price of Dated Brent at the time of the first cargo lifting by the Contractor. GNPC will, in turn, receive the same amount of crude valued at the same price at which such oil was originally sold to GNPC.

The ROB stock transaction crystallized in 2017 at the time of first lifting by the Contractor. The applicable Brent price was US\$51.75, bringing the value of the crude to US\$12,420,000.

The contractor is obligated to pay GNPC an amount of US\$12,420,000 at the end of the field life, regardless of the oil price at the time.

GNPC would recognize its share of the revenue based on the amount ceded to it in 2035 in accordance with the provisions of the PRMA.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalised as part of the cost of the respective assets. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available for a short term from funds borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is also capitalised and deducted from the total capitalised borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Corporation during the period.

All other borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

Even though exploration and evaluation assets can be qualifying assets, they generally do not meet the probable economic benefits' test and also are rarely debt funded. Any related borrowing costs incurred during this phase are therefore generally recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

3.16 Employee benefit

The Group operates a defined contribution plan and a defined benefit plan. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Under the National pension scheme, the corporation contributes 13.5% of employees' basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pension. The Group's obligation is limited to the relevant contribution, which were settled on due dates. The pension liabilities and obligation therefore rest with SSNIT.

A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The corporation pays its employees medical benefit after retirement until death of the retired employee.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period.

3.17 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Revenue received under the Petroleum Revenue Management Act relating to crude oil and gas sales are non-taxable. Revenue received is a reimbursement of the cost incurred by GNPC in carrying out government business under petroleum agreements. Taxes are however, payable on the non-trading income, such as services to oil companies, rental income and interest on investments, obtained by the Corporation in the course of the reporting period.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

3.18 Taxation (continued)

The taxes from the Corporation's subsidiaries currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Value added tax (VAT)

GNPC does not deal in taxable goods and services. Crude is currently not a taxable supply for VAT purposes and therefore no VAT input tax relating to the activities of crude can be claimed or recovered. VAT input incurred is included as part of the cost of operations and expensed.

VAT is charged on non-trading income other than the interest on investments. Any input tax related to these taxable services are claimed to the extent that the input VAT is directly attributable to the taxable services.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

3.19 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies on Impairment for non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liabilities are separately presented on the face of the financial statements.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements For the year ended 31 December 2021

3.19 Leases (continued)

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4 Significant accounting judgements, estimates and assumptions

4.1 Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Joint arrangements

Judgement is required to determine when the Corporation and its subsidiaries has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, such as approval of the capital expenditure program for each year and appointing, remunerating and terminating the key management personnel or service providers of the joint arrangement. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Judgement is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement. Specifically, the Group considers:

- The structure of the joint arrangement – whether it is structured through a separate vehicle;
- When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from;
- The legal form of the separate vehicle;
- The terms of the contractual arrangement;
- Other facts and circumstances (when relevant).

This assessment often requires significant judgement, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting.

Contingencies

By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

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Notes to the consolidated financial statements For the year ended 31 December 2021

4 Significant accounting judgements, estimates and assumptions (continued)

4.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Corporation. Such changes are reflected in the assumptions when they occur.

Exploration and evaluation expenditures

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available.

If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

Units of production (UOP) depreciation of oil and gas assets

Oil and gas properties are depreciated using the UOP method over total proved developed and undeveloped hydrocarbon reserves. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining production from the field.

The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the field at which the asset is located.

These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation/amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves, or future capital expenditure estimates change. Changes to prove reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on proved reserves of differences between actual commodity prices and commodity price assumptions;
- Unforeseen operational issues.

Changes in estimates are accounted for prospectively.

Fair value measurement

In estimating the fair value of an asset or liability, the Group uses market-observable data to the extent that it is available. Where Level 1 inputs are not available, the corporation engages third party qualified valuers to perform the valuation.

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5 Revenue

	Group		Corporation	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
Gross crude oil revenue	606,735,431	388,341,366	606,735,431	388,341,366
Oil revenue used to recover cost	41,926,543	37,049,616	41,926,543	37,049,616
Government royalties	(144,779,036)	(97,268,992)	(144,779,036)	(97,268,992)
GCB Bank Limited loan repayment	(18,416,020)	(7,278,584)	(18,416,020)	(7,278,584)
Decommissioning fund	(6,021,580)	(22,300,000)	(6,021,580)	(22,300,000)
Gov't's share of crude revenue	(186,713,004)	(100,097,423)	(186,713,004)	(100,097,423)
Net share of crude oil revenue	292,732,334	198,445,983	292,732,334	198,445,983
Net share of gas sales	644,957,057	560,091,577	644,957,057	560,091,577
Bullion revenue	4,808,271	-	-	-
Jubilee Oil Holding Company Limited lifting	52,439,749	-	-	-
Services income	256,813	176,308	-	-
	995,194,224	758,713,868	937,689,391	758,537,560

The Group's revenue disaggregated by primary geographical markets is as follows:

	Group		Corporation	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
Foreign sales	303,502,354	161,572,676	250,805,792	161,396,368
Local sales	691,691,870	597,141,192	686,883,599	597,141,192
	995,194,224	758,713,868	937,689,391	758,537,560

5.1. Summary of liftings for the year

Jubilee Field	2021		2020	
	Number of barrels	Amount US\$	Number of barrels	Amount US\$
First lifting	995,549	64,801,280	951,954	53,646,416
Second lifting	948,888	60,456,501	992,896	12,234,465
Third lifting	948,499	67,989,357	994,324	41,617,431
Fourth lifting	948,095	70,015,868	951,586	39,746,796
Fifth lifting	948,033	70,409,463	946,755	37,482,030
Sixth lifting	-	-	951,161	47,600,852
	4,789,064	333,672,469	5,788,676	232,327,990

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5.1 Summary of liftings for the year -continued Tweneboah-Enyan-Nton (TEN) Fields

	2021 Number of barrels	2021 Amount US\$	2020 Number of barrels	2020 Amount US\$
First lifting	944,962	58,230,448	994,801	50,537,880
Second Lifting	947,108	70,493,248	994,018	36,011,284
Third Lifting	994,951	71,012,638	994,389	38,904,475
	2,887,021	199,736,334	2,983,208	125,453,639

Sankofa and Gye Nyame (SGN) Field	2021 Number of barrels	2021 Amount US\$	2020 Number of barrels	2020 Amount US\$
First Lifting	949,845	61,604,710	949,296	30,559,737
Barrels for Repayment	599,395	41,926,542	943,148	37,049,615
	1,549,240	103,531,252	1,892,444	67,609,352

5.2 Summary of average achieved lifting price

	2021 US\$	2020 US\$
Jubilee fields	69.72	40.32
Sankofa & Gye Nyame (SGN)	64.93	32.19
Tweneboah-Enyan-Nton (TEN)	69.14	42.05
Barrels for repayment	71.25	42.52

5.3 Summary of Jubilee Oil Holding Company liftings for the year

Jubilee Field	2021 Number of barrels	2021 Amount US\$	2020 Number of barrels	2020 Amount US\$
First lifting	213,801	16,708,780	-	-
Second lifting	222,633	18,301,749	-	-
Third lifting	215,072	17,429,220	-	-
	651,506	52,439,749	-	-

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6. Cost of sales

	Group		Corporation	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Cost associated with production (note 6.1)	166,834,571	200,880,757	139,379,767	200,880,757
Gas product Cost	504,920,629	453,761,223	504,920,629	453,761,223
Insurance Cost	11,443,384	9,941,365	11,443,384	9,941,365
Gas Transmission Cost	145,109,562	91,656,363	145,109,562	91,656,363
Other	37,152	25,794	-	-
	828,345,298	756,265,502	800,853,342	756,239,708

6.1 Analysis of cost of production

	Group		Corporation	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Jubilee production cost	22,878,209	70,893,005	22,878,209	70,893,005
TEN production cost	22,467,066	23,419,979	22,467,066	23,419,979
SGN Production Cost	34,095,518	31,379,058	34,095,518	31,379,058
Jubilee cost amortisation	8,226,665	8,258,405	8,226,665	8,258,405
SGN cost amortisation	23,347,109	27,610,157	23,347,109	27,610,157
Jubilee Oil Holding Company	22,835,963	-	-	-
Prestea Sankofa Production	4,618,841	-	-	-
SGN FPSO amortisation	4,649,276	5,604,047	4,649,276	5,604,047
TEN FPSO amortisation	5,102,735	6,464,446	5,102,735	6,464,446
TEN capital cost amortisations	18,613,189	27,251,660	18,613,189	27,251,660
	166,834,571	200,880,757	139,379,767	200,880,757

7. Other operating income

	Group		Corporation	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Interest on short term investments	526,687	167,782	526,687	167,782
Other operating Income	797,354	4,750,348	797,354	4,750,348
Services rendered to oil exploration companies	50,261	45,917	50,261	45,917
Transfer from Training & Technology Fund (Note 29)	3,885,791	2,077,885	3,885,791	2,077,885
Exchange gain	1,924,285	1,753,839	1,905,142	1,752,750
Rental income	4,317	16,616	4,317	16,616
Other non-trading income	19,879,411	13,757,072	19,879,411	13,757,072
	27,068,106	22,569,459	27,048,963	22,568,370

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8. General & administrative expense

	Group		Corporation	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Personnel emoluments	23,376,549	21,608,332	23,307,637	21,565,173
General operating expenses	47,125,133	22,132,856	23,568,895	22,002,004
Corporate social investment	34,089,227	64,664,145	34,089,227	64,664,145
Exploration promotion expenses	451,968	238,176	451,968	238,176
Depreciation and amortization charge	7,708,077	4,132,802	3,666,900	4,042,647
Board expenses	709,037	484,319	709,037	484,319
Bank charges	1,820,160	1,856,465	1,820,160	1,856,465
SOPCL decommissioning expenses (Note 8.1)	184,357	578,097	184,357	578,097
Credit loss provisions	16,734,245	21,245,183	16,734,245	21,245,183
Petroleum project expenses (Note 8.2)	29,453,886	32,030,701	29,453,886	32,030,701
	161,652,639	168,971,076	133,986,312	168,706,910

8.1 SOPCL decommissioning expense

The board gave a directive to decommission the oil field, Saltpond Offshore Producing Company Limited (SOPCL) due to safety and environmental concerns. In addition to the expense, there is a Fund of US\$28,247,025 (2020:US\$22,300,000) which is included in equity.

8.2 Petroleum project expenditure

	Group		Corporation	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Ultra-Deep-Water Keta Project	927,797	1,008,967	927,797	1,008,967
North & South Project	1,988,137	2,162,072	1,988,137	2,162,072
TEN Project	4,580,079	4,980,774	4,580,079	4,980,774
OCTP - ENI Project	1,325,425	1,441,382	1,325,425	1,441,382
Deepwater Tano/Cape Three Point	2,388,710	2,597,690	2,388,710	2,597,690
Jubilee investment	14,668,036	15,951,289	14,668,036	15,951,289
South Deep-water Project	1,546,329	1,681,612	1,546,329	1,681,612
Voltarian Basin Project	2,029,373	2,206,915	2,029,373	2,206,915
	29,453,886	32,030,701	29,453,886	32,030,701

9. Other operating expenses

	Group		Corporation	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Boundary Commission Support	3,606,843	2,034,088	3,606,843	2,034,088

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10. Finance cost

The finance cost relates to interest charged in relation to loans and leases.

	Group		Corporation	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Gemcorp Loan	819,105	-	819,105	-
TEN/OCTP Partner Financing	2,203,359	6,372,633	2,203,359	6,372,633
Prestea Sankofa Gold Limited	98,572	-	-	-
Mole Motel Limited	-	4,594	-	-
Jubilee Oil Holding Limited	135	-	-	-
Right of use – Building	148,907	148,907	148,907	148,907
Right of use – FPSO	8,362,572	9,004,829	8,362,572	9,004,829
Standchart/Societe Genrale	3,102,746	-	3,102,746	-
GCB Bank Limited Loan	974,002	1,990,751	974,002	1,990,751
	15,709,398	17,521,714	15,610,691	17,517,120

11. Taxation

a. Tax expense

	Group	
	2021 US\$	2020 US\$
Income tax charge	9,311,278	-
Deferred Tax	(9,229)	(17,768)
	9,302,049	(17,768)

b. Tax payable Group

Year of assessment	Balance 1 January US\$	Charge for the year US\$	Payment in the year US\$	Adjustment US\$	Balance 31 December US\$
Up to 2020	(3,333)	-	-	(1,211)	(4,544)
2021	-	9,311,278	1,302	-	9,312,580
	(3,333)	9,311,278	1,302	(1,211)	9,308,036

c. Deferred Tax

	Group	
	2021 US\$	2020 US\$
Balance at 1 January	21,300	39,068
Deferred tax adjustment	15,094	-
Charge to profit or loss	(9,229)	(17,768)
	27,165	21,300

The tax status of the Group is subject to review by the Ghana Revenue Authority.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements For the year ended 31 December 2021

12. Property, plant and equipment

12.1 Group 2021

Cost	Leasehold land & buildings US\$	Furniture & fittings US\$	Office equipment US\$	Motor vehicles US\$	Machinery & equipment US\$	Work-in- progress US\$	Linen glass and silver ware US\$	Total US\$
At 1 January 2021	22,836,834	772,612	11,576,546	5,330,929	1,561,239	44,081,123	20,460	86,179,743
Additions	698,940	393,792	57,076	410,513	3,081,963	19,740,250	316	24,382,850
Disposal	-	-	-	-	-	-	(16,180)	(16,180)
At 31 December 2021	23,535,774	1,166,404	11,633,622	5,741,442	4,643,202	63,821,373	4,596	110,546,413
Accumulated depreciation								
At 1 January 2021	1,190,514	620,542	8,674,971	4,342,411	1,414,519	-	19,537	16,262,494
Charge for the year	1,007,034	360,151	1,129,875	1,072,125	2,775,914	-	388	6,345,487
Disposal	-	-	-	-	-	-	(16,180)	(16,180)
At 31 December 2021	2,197,548	980,693	9,804,846	5,414,536	4,190,433	-	3,745	22,591,801
Net book value								
At 31 December 2021	20,639,286	185,712	1,828,776	326,906	452,767	63,821,373	851	87,954,612

Ghana National Petroleum Corporation

Notes to the consolidated financial statements For the year ended 31 December 2021

12. Property plant and equipment (continued)

12.2 Group

2020	Leasehold land & buildings US\$	Furniture & fittings US\$	Office equipment US\$	Motor vehicles US\$	Machinery & equipment US\$	Work-in- progress US\$	Linen glass and silver ware US\$	Total US\$
Cost								
At 1 January 2020	12,699,028	766,619	11,387,304	4,834,109	1,399,443	20,813,866	19,044	51,919,413
Additions	10,109,041	5,993	189,242	496,820	161,796	23,296,022	1,416	34,260,330
Transfers	28,765	-	-	-	-	(28,765)	-	-
At 31 December 2020	22,836,834	772,612	11,576,546	5,330,929	1,561,239	44,081,123	20,460	86,179,743
Accumulated depreciation								
At 1 January 2020	882,365	494,732	7,342,064	3,714,579	1,055,526	-	14,514	13,503,780
Charge for the year	308,149	115,072	1,332,907	627,832	358,993	-	5,023	2,747,976
At 31 December 2020	1,190,514	609,804	8,674,971	4,342,411	1,414,519	-	19,537	16,251,756
Net book value								
At 31 December 2020	21,646,320	167,808	2,901,575	988,518	146,720	44,081,123	923	69,927,987

Ghana National Petroleum Corporation

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12. Property, plant and equipment (continued)

12.3 Corporation

2021	Leasehold land & buildings US\$	Furniture & fittings US\$	Office equipment US\$	Motor vehicles US\$	Machinery & equipment US\$	Work-in- progress US\$	Total US\$
Cost							
At 1 January 2021	22,708,589	372,667	11,357,488	5,257,330	1,508,145	44,128,327	85,332,546
Additions	-	-	99,359	-	574,482	18,629,821	19,303,662
Transfer	-	-	-	-	-	-	-
At 31 December 2021	22,708,589	372,667	11,456,847	5,257,330	2,082,627	62,758,148	104,636,208
Accumulated depreciation							
At 1 January 2021	1,176,587	372,667	8,537,521	4,284,867	1,379,644	-	15,751,286
Charge for the year	305,901	-	1,079,869	650,611	262,929	-	2,299,310
At 31 December 2021	1,482,488	372,667	9,617,390	4,935,478	1,642,573	-	18,050,596
Net book value							
At 31 December 2021	21,226,101	-	1,839,457	321,852	440,054	62,758,148	86,585,612

Ghana National Petroleum Corporation

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12. Property, plant and equipment (continued)

12.4 Corporation

2020	Leasehold land & buildings US\$	Furniture & fittings US\$	Office equipment US\$	Motor vehicles US\$	Machinery & equipment US\$	Work-in-progress US\$	Total US\$
Cost							
Additions	12,599,548	372,667	11,246,518	4,760,510	1,348,299	20,780,618	51,108,160
Transfer	10,109,041	-	178,387	496,820	159,846	23,280,292	34,224,386
	-	-	(67,417)	-	-	67,417	-
At 31 December 2020	22,708,589	372,667	11,357,488	5,257,330	1,508,145	44,128,327	85,332,546
Accumulated depreciation At 1 January 2020							
Balance as at 1 Jan	870,686	351,644	7,235,487	3,668,519	1,027,224	-	13,153,560
Charge for the year	305,901	21,023	1,302,034	616,348	352,420	-	2,597,726
At 31 December 2020	1,176,587	372,667	8,537,521	4,284,867	1,379,644	-	15,751,286
Net book value							
As at 31 December 2020	21,532,002	-	2,819,967	972,463	128,501	44,128,327	69,581,260

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13. Intangible assets

Group		
2021	Intangible - Software US\$	Total US\$
Cost		
At 1 January 2021	14,360,883	14,360,883
Additions	145,909	145,909
At 31 December 2021	14,506,792	14,506,792
Accumulated amortization		
At 1 January 2021	12,299,281	12,299,281
Charge for the year	1,362,590	1,362,590
At 31 December 2021	13,661,871	13,661,871
Net book value		
At 31 December 2021	844,921	844,921

Corporation		
2021	Intangible - Software US\$	Total US\$
Cost		
At 1 January 2021	14,360,883	14,360,883
Additions	145,909	145,909
At 31 December 2021	14,506,792	14,506,792
Accumulated amortization		
At 1 January 2021	12,299,281	12,299,281
Charge for the year	1,362,590	1,362,590
At 31 December 2021	13,661,871	13,661,871
Net book value		
At 31 December 2021	844,921	844,921

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13. Intangible assets (continued)

Group 2020	Intangible - Software US\$	Total US\$
Cost		
At 1 January 2020	13,426,935	13,426,935
Additions	933,948	933,948
At 31 December 2020	14,360,883	14,360,883
Accumulated amortization		
Balance as at 1 January	10,967,677	10,967,677
Charge for the year	1,331,604	1,331,604
Total	12,299,281	12,299,281
Net book value as at 31 December 2020	2,061,602	2,061,602

Corporation

2020	Intangible US\$	Total US\$
Cost		
At 1 January 2020	13,426,935	13,426,935
Additions	933,948	933,948
At 31 December 2020	14,360,883	14,360,883
Accumulated amortization		
Balance as at 1 January	10,967,677	10,967,677
Charge for the year	1,331,604	1,331,604
At 31 December 2020	12,299,281	12,299,281
Net book value At 31 December 2020	2,061,602	2,061,602

14 Exploration assets

	Group		Corporation	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
GNPC Explorco Limited	14,945,633	13,914,701	-	-
Prestea Sakorfa Gold Limited	2,734,586	-	-	-
Voltaian Basin Project	79,296,206	79,140,868	79,296,206	79,140,868
	96,976,425	93,055,569	79,296,206	79,140,868

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Notes to the consolidated financial statements For the year ended 31 December 2021

15. Petroleum projects

	Group		Corporation	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
Joint operations				
Jubilee field investment	88,234,378	82,929,975	88,234,378	82,929,975
Jubilee Oil Holding Limited	181,239,331	-	-	-
Right of use – FPSO TEN	38,327,376	43,430,111	38,327,376	43,430,111
Right of use – FPSO SGN	28,012,554	32,661,829	28,012,554	32,661,829
TEN Projects	224,681,728	238,137,174	224,681,728	238,137,174
SGN Projects	158,969,944	181,445,161	158,969,944	181,445,161
	719,465,311	578,604,250	538,225,980	578,604,250

15.1 Amortization of petroleum projects

The Corporation's currently oil-producing fields are the Jubilee and TEN, Sankofa Gye Nyame (SGN) Oil fields, and are amortized based on units of production from each field, in proportion to the Corporation's stake in those fields.

Cost	Group		Corporation	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
At 1 January	892,873,803	862,274,233	892,873,803	862,274,233
Cash call Addition (Jubilee)	13,531,067	4,151,453	13,531,067	4,151,453
Jubilee Oil Holding Limited	181,239,331	-	-	-
Cash call Additions (TEN)	5,157,743	18,574,973	5,157,743	18,574,973
Cash calls Addition (SGN)	871,892	7,874,144	871,892	7,874,144
Additions for the year	200,800,033	30,600,570	19,560,702	30,600,570
At 31 December	1,093,673,836	892,874,803	912,434,505	892,874,803
Amortization				
At 1 January	314,269,553	222,008,951	314,269,553	222,008,951
Opening Bal adjustment	-	17,071,887	-	17,071,887
Jubilee	8,226,665	8,258,405	8,226,665	8,258,405
Right of use – FPSO TEN	5,102,734	6,464,446	5,102,734	6,464,446
Right of use – FPSO OCTP	4,649,275	5,604,047	4,649,275	5,604,047
TEN	18,613,189	27,251,660	18,613,189	27,251,660
Sankofa Gye Nyame (SGN)	23,347,109	27,610,157	23,347,109	27,610,157
Depreciation charge for the year	59,938,972	92,260,602	59,938,972	92,260,602
At 31 December	374,208,525	314,269,553	374,208,525	314,269,553
Net book value				
At 31 December	719,465,311	578,604,250	538,225,980	578,604,250

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16. Other non-current assets

	Group		Corporation	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
Gazprom/Quantum LNG Project	-	3,310,164	-	3,310,164

The LNG project represents initial investments in a joint venture with Quantum Ghana and Gazprom Global LNG for a gas project. This has been written off due to the cessation of the contract.

17 Non-current financial assets Long term investments

	Group		GNPC	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
Deposits with banks	-	-	-	-
Interest accrued	2,821,402	2,821,402	-	-
Impairment (Note 23.2)	(2,821,402)	(2,821,402)	-	-
	-	-	-	-

18 Due from government and its agencies

This represents the net position in respect of transfer of assets and liabilities between the Corporation and the Government of Ghana and its Agencies. Details are as follows:

	Group		Corporation	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
Government of Ghana	23,217,406	23,217,406	23,217,406	23,217,406
Ministry of Finance	55,579,212	55,579,212	55,579,212	55,579,212
Tema Oil Refinery Ghana National Gas Company Limited	75,945,911	78,573,801	75,945,911	78,573,801
Ministry of Energy Current Account	3,532,479	16,525,332	3,532,479	16,525,332
GEMCORP/BOST Loan	203,933,050	203,933,050	203,933,050	203,933,050
Ministry of Energy – Priority Deficiency GAS	-	67,361,466	-	67,361,466
Volta River Authority	58,157,885	99,533,377	58,157,885	99,533,377
	478,770,818	603,128,519	478,770,818	603,128,519
Less: Impairments	(209,988,459)	(212,616,349)	(209,988,459)	(212,616,349)
As at 31 December	268,782,359	390,512,170	268,782,359	390,512,170

18.1 Details of impairments

	Group		Corporation	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
Balance at 1 Jan	212,616,349	210,733,301	212,616,349	210,733,301
(Write back)/impairments during the year	(2,627,890)	1,883,048	(2,627,890)	1,883,048
Balance at 31 December	209,988,459	212,616,349	209,988,459	212,616,349

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19 Investment in subsidiaries

	Corporation	
	2021 US\$	2020 US\$
Mole Motel Company Limited	9,570	9,570
Prestea Sankofa Gold Limited	795,905	795,905
GNPC Exploration and Production Company Limited	13,150	13,150
Jubilee Oil Holding Company Limited	164,798,691	-
	165,617,316	818,625
Less impairments	-	(795,905)
	165,617,316	22,720

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			2021	2020
Mole Motel Company Limited	Hospitality	Mole, Ghana	60%	60%
Prestea Sankofa Gold Limited	Mining	Prestea, Ghana	90%	90%
GNPC Exploration and Production Company Limited	Crude oil Exploration and production	Accra, Ghana	100%	100%
Jubilee Oil Holding Limited	Exploration and production	Cayman Island/ Accra-Ghana	100%	-

- a. Details of non-wholly owned subsidiaries that have material non-controlling interests to the Group are disclosed below.

Name of subsidiary	Principal activities	Proportion of ownership interest and voting power held by non-controlling interest	
		2021	2020
Mole Motel Company Ltd	Hotel and hospitality services	40%	40%
Prestea Sankofa Gold Limited	Gold Mining	10%	10%

Summarised financial information in respect of the Group's subsidiaries is set out below. The summarised financial information below represents amounts before intragroup eliminations.

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19 Investment in subsidiaries (continued)

a. Mole Motel Limited

Statement of financial position	2021 US\$	2020 US\$
Current assets	26,170	41,433
Non-current assets	308,231	340,049
Total assets	334,401	381,482
Current liabilities	56,596	94,491
Non-current liabilities	182,459	196,244
Equity attributable to owners of the Company	95,346	90,747
Total equity and liabilities	334,401	381,482
Statement of profit or loss and other comprehensive income	2021 US\$	2020 US\$
Revenue	256,813	176,308
Cost of sales	(37,152)	(25,794)
Other income	203	1,088
General and administrative expenses	(262,360)	(227,887)
Tax credit / (expense)	9,229	(32)
Loss for the year	(33,267)	(76,317)
Loss attributable to owners of the company	(13,307)	(30,527)
Loss attributable to the non-controlling interests	(19,960)	(45,790)
Loss for the year	(33,267)	(76,317)
Other comprehensive income for the year	37,866	11,392
Total comprehensive income for the year	4,599	(64,925)
Total comprehensive income attributable to owners of the company	2,759	(38,955)
Total comprehensive income attributable to the non-controlling interests	1,840	(25,970)
	4,599	(64,925)

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19. Investment in subsidiaries (continued)

b. Prestea Sankofa Gold Limited

Statement of financial position	2021	2020
	US\$	US\$
Non-current assets	3,795,259	-
Current assets	3,095,882	-
Total assets	6,891,141	-
Liabilities		
Current liabilities	25,041,710	12,096,089
Non-current liabilities	23,654,985	21,026,111
Equity attributable to owners of the Company	(41,805,554)	(29,980,186)
Total equity and liabilities	6,891,141	-
Statement of profit or loss and other comprehensive income	2021	2020
	US\$	US\$
Revenue	4,808,271	-
Cost of sales	(4,618,841)	-
Other incomes	18,939	-
Expenses	(2,417,023)	(3,648,367)
Loss for the year	(2,398,084)	(3,648,367)
Loss attributable to owners of the Company	(2,158,276)	(3,283,530)
Loss attributable to the non-controlling interests	(239,808)	(364,837)
Loss for the year	(2,398,084)	(3,648,367)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(2,398,084)	(3,648,367)
Total comprehensive income attributable to owners of the Company	(2,158,276)	(3,283,530)
Total comprehensive income attributable to non-controlling interests	(239,808)	(364,837)

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Notes to the consolidated financial statements For the year ended 31 December 2021

19. Investment in subsidiaries (continued)

c. GNPC Exploration and Production Company Limited

Statement of financial position

	2021 US\$	2020 US\$
Non-current assets	14,945,730	13,921,379
Current assets	11,559	11,559
Total assets	14,957,289	13,932,938
Liabilities		
Current liabilities	809,004	799,004
Non-current liabilities	15,565,950	14,535,018
Equity attributable to owners of the Company	(1,417,665)	(1,401,084)
Total equity and liabilities	14,957,289	13,932,938

Statement of profit or loss and other comprehensive income

	2021 US\$	2020 US\$
Revenue	-	-
General administrative costs	(16,581)	(40,873)
Loss for the year	(16,581)	(40,873)
Other comprehensive income for the year	-	-
	(16,581)	(40,873)
Total comprehensive income attributable to owners of the Company	(16,581)	(40,873)
Total comprehensive income attributable to the non-controlling interests	-	-
Total comprehensive income for the year	(16,581)	(40,873)

d. Jubilee Oil Holding Limited

Statement of profit or loss and other comprehensive income

	2021 US\$	2020 US\$
Revenue	52,439,749	-
Cost of sales	(22,835,963)	-
Expenses	(16,211,413)	-
Profit for the year	13,392,373	-
Profit attributable to owners of the Company	13,392,373	-
Loss attributable to the non-controlling interests	-	-

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19. Investment in subsidiaries (continued)

d. Jubilee Oil Holding Limited

Statement of financial position	2021	2020
	US\$	US\$
Non-current assets	181,239,331	-
Current assets	19,027,020	-
Total assets	200,266,351	-
Liabilities		
Current liabilities	-	-
Non-current liabilities	22,075,287	-
Equity attributable to owners of the Company	178,191,064	-
Total equity and liabilities	200,266,351	-

Jubilee Oil Holding Limited (JOHL) is a wholly owned subsidiary of Ghana National Petroleum Corporation (GNPC) originally incorporated as an exempted company in the Cayman Islands by Anadarko Offshore Petroleum LLC on 23rd September 2021 and on 13th October 2021, GNPC acquired a hundred percent. JOHL has currently been registered as an external company in Ghana under the Companies Act, 2019 (Act 992). The registration was concluded on 15th August 2022.

JOHL is an oil and gas company and as a contractor party to the Deep Water Tano (DWT) and West Cape Three Points (WCTP) Petroleum Agreements, it is engaged in exploration and production of petroleum in Ghana. JOHL holds seven percent (7%) commercial participating interests in each of the DWT and WCTP Petroleum Agreements. GNPC's strategic acquisition of JOHL was to increase the State and GNPC's commercial stake in the DWT and WCTP Petroleum Agreements through JOHL's participating interests. The 7% Joint Operating Agreement (JOA) interest held includes JOHL's proportionate share of GNPC's Carried Interest. Consequently, the production equity interests of JOHL is 6.04514% and 5.95% in the Jubilee and TEN fields respectively. It should be noted however, that JOHL's seven percent (7%) participating interests in the DWT Petroleum Agreement is likely to reduce as a result of Petro SA's decision to exercise its right of pre-emption under the DWT Petroleum Agreement.

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20. Investment in associates and joint ventures

	Group		Corporation	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Gulf Frontiers Logistics Ltd	98,265	98,265	98,265	98,265
Investment in joint venture	988,321	988,321	131,563	131,563
Impairments	(1,086,586)	(1,086,586)	(229,828)	(229,828)
	-	-	-	-

Investment in associate and joint venture were accounted using the equity method for the group and at cost for Corporation (GNPC).

Details of the Group's material joint ventures at the end of the reporting period are as follows:

	Group		Corporation	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Saltpond Offshore Producing Company Limited (SOPCL)	620,156	620,156	620,156	620,156
Gulf Frontiers Logistics Limited	98,265	98,265	98,265	98,265
GNPC-Technip Engineering Services Limited	988,321	988,321	131,563	131,563
Less impairments	(1,706,742)	(1,706,742)	(849,984)	(849,984)
	-	-	-	-

Name of Joint venture	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			2021	2020
Saltpond Offshore Producing Company Limited	Crude oil production	Saltpond, Ghana	45%	45%
GNPC-Technip Engineering Services	Technology training	Accra, Ghana	30%	30%

The above joint ventures are accounted for using the equity method in these consolidated and separate financial statements.

Impairments

The equity investments and related party transactions in Saltpond Offshore Producing Company Limited (SOPCL), Gulf Frontiers Logistic Ltd and GNPC Technip Engineering Services has been fully impaired due to cessation of operations.

21. Inventories

	Group		Corporation	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Non-trade stock	481,999	187,397	173,587	178,216
Fuel coupon	13,833	91,308	13,833	91,308
	495,832	278,705	187,420	269,524

There were no provisions held as at year end (2020: nil).

Ghana National Petroleum Corporation

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22. Due from related parties

This represents the advances due from related parties:

	Group		Corporation	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Saltpond Offshore Producing Company Limited	6,933,096	6,748,738	6,933,095	6,748,738
Prestea Sankofa Mole Motel Limited	6,159,739	-	23,562,277	20,532,464
Technip Limited	-	-	221,662	221,662
GNPC Exploration and Production Company Limited	22,164	12,118	22,164	12,118
Jubilee Oil Holding Limited	-	-	15,559,846	14,528,914
Less: impairments	(13,114,999)	(6,760,856)	(1,597,935)	-
			(13,114,999)	(27,293,321)
			31,586,110	14,750,575

23. Trade and other receivables

	Group		Corporation	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Trade debtors - trade marketing Share of Crude Proceeds from Government of Ghana	48,051,416	233,771,076	48,051,416	233,771,076
Other debtors-foreign	253,544,736	281,216,826	253,544,736	281,216,826
Accrued interest income (17a)	66,902,415	55,843,292	66,890,856	55,831,733
Other debtors-local	2,821,402	2,821,402	2,821,402	2,821,402
Staff debtors	20,114,905	209,457	60,658	199,848
Input VAT	5,981,570	3,993,799	5,981,570	3,992,634
Tax credits	860,193	860,193	860,193	860,193
	567,045	567,045	567,045	567,045
	398,843,682	579,283,090	378,777,876	579,260,757
Less: Provision for impairment (Note 23.1)	(218,934,694)	(195,822,559)	(218,934,694)	(195,822,559)
	179,908,988	383,460,531	159,843,182	383,438,198

Trade receivables are non-interest bearing and are normally settled between 30 days from the date of invoice.

23.1 Provision for impairment

	Group		Corporation	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Balance at 1 January	195,822,559	183,158,897	195,822,559	183,157,754
Impairment charge during the year	23,112,135	12,663,662	23,112,135	12,664,805
Balance at 31 December	218,934,694	195,822,559	218,934,694	195,822,559

Ghana National Petroleum Corporation

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24. Prepayments

	Group		Corporation	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Advances under Take or Pay Agreement	295,933,183	294,347,279	295,933,183	294,347,279
Payments for condensates	76,017,143	77,076,536	76,017,143	77,076,536
Government of Ghana Clearing - Cash Waterfall Mechanism (CWM) / National Gas Clearing (NGC)	567,744,200	-	567,744,200	-
Right of use -Building	-	828,118	-	828,118
Other prepayments	1,177,943	998,533	1,177,943	998,533
	940,872,469	373,250,466	940,872,469	373,250,466

Advances under Take or Pay Agreement

Under the OCTP agreement, the Corporation has a contractual 'Take or Pay' obligation to purchase and pay for a minimum guaranteed quantity of gas from the OCTP partners, even where the Corporation is unable to physically take the required quantities. Up till 2021, the corporation has been unable to take all the gas it has paid for. The corporation has five (5) years to take up the gas that has been paid for, but which it has been unable to take.

Payments for condensates

The Corporation is required to pay for condensates that would have accrued to the OCTP partners had the Corporation lifted the required quantities of gas.

25. Cash and bank

	Group		Corporation	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Bank	19,999,176	54,998,252	19,815,738	54,981,743
Cash	120,626	142,076	118,826	140,439
	20,119,802	55,140,328	19,934,564	55,122,182

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	Group		Corporation	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Bank	19,999,176	54,998,252	19,815,738	54,981,743
Cash	120,626	142,076	118,826	140,439
	20,119,802	55,140,328	19,934,564	55,122,182

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26. Stated capital

This represents amounts received from Government of Ghana towards the Corporation's capital.

27. Petroleum Equity Fund

Amounts received from government towards financing the Group's share of production and development cost in various oil fields. The fund represents the unutilised portion of monies received within equity. Details of the fund is shown in the statement of changes in equity.

28. Petroleum Project Fund

This represents the funds set aside to execute the Corporation's projects. Details of the fund is shown in the statement of changes in equity.

29. Training and Technology Fund

Training and Technology Fund is established to support the Corporation's manpower development and technology needs.

	Group		Corporation	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Balance at 1 January	42,402,851	42,880,711	42,402,851	42,880,711
Additions	8,100,000	1,600,025	8,100,000	1,600,025
Transfer to profit or loss	(3,885,791)	(2,077,885)	(3,885,791)	(2,077,885)
Balance at 31 December	46,617,060	42,402,851	46,617,060	42,402,851

30. Medium term loans

	Group		Corporation	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Ministry of Finance – Jubilee Oil Holding Limited loan	164,798,691	-	164,798,691	-
Term Loan	203,933,050	206,542,699	203,933,050	206,542,699
Government of Ghana advance for OCTP Gas	923,701,572	372,612,420	923,701,572	372,612,420
Bank loan	29,056,490	14,519,674	28,963,732	14,026,027
	1,321,489,803	593,674,793	1,321,397,045	593,181,146

Terms and conditions of loans

Ministry of Finance – Jubilee Oil Holding Limited Loan

The Ministry of Finance advanced US\$164,798,691 as a bridge loan for the acquisition of the shares of Anadarko WCTP Company in the Deep Water Tano (DWT) and West Cape Three Point (WCTP) blocks by Jubilee Oil Holdings Limited (JOHL). As at 10 June 2022, an amount of US\$60million had been repaid to the Ministry of Finance. JOHL is also required to pay US\$104,798,691 plus interest of US\$5,201,309 totalling US\$110million. These will be paid in two tranches of US\$60million and US\$50 million from the proceeds of subsequent liftings for JOHL.

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30 Medium term loans - continued

Terms and conditions of loans - continued

Term loan

GNPC was directed by the Ministry of Finance to take a loan facility of US\$200 million from Litasco to refinance ECG's HFO debt to Litasco at 3-months LIBOR plus 5.5% payable over three and half years. The loan is being serviced by Government of Ghana.

Government of Ghana Advance for OCTP Gas

The Cabinet of Ghana approved the Energy Sector Recovery Program (ESRP) in May, 2019 to address the expected financial shortfall within the Energy Sector and bring the sector into financial balance by 2023. Many projects, including the formation and implementation of Cash Waterfall Mechanism (CWM) and Natural Gas Clearing House (NGCH) were undertaken to achieve this objective.

The CWM was implemented as the first step in ensuring an equal and predictable distribution of revenues collected by the Electricity Company of Ghana (ECG) to the various stakeholders along the electricity value chain. Each month, a CWM model is developed based on the bills submitted to ECG two months prior to the payment month, that is, payment are effected two months in arrears. However, the CWM is limited because it does not take account of gas consumed in the deregulated market. Consequently, the Natural Gas Clearing House (NGCH) was introduced in October 2020 to capture both tariff and non- tariff revenue and ensure equitable allocation of the revenue in the sector.

The balance outstanding represents payments used under the mechanism to settle indebtedness of gas supplies to the Corporation. These are yet to be used to offset indebtedness owed to the Corporation by the Independent Power Producers (IPPs) as will be advised by the Electricity Company of Ghana.

Bank loan

- GNPC took a US\$ 31 million loan facility from GCB Bank to finance the construction of Gas Pipelines, Substation, Power Transmission Lines and Marine Civil engineering works in respect of the relocation of the Karpower Floating Plant from Tema to Sekondi Naval Base, Takoradi. The loan tenor was for two and half years and attracts an interest of 9.125% p.a. This loan is being serviced by the Government of Ghana through the Ministry of Finance.
- GNPC took a US\$ 25 million facility from Societe Generale Ghana to finance the operational Head Office located in Takoradi and the Research Center located in Accra. The facility is revolving during the 24 months availability and moratorium period following the first draw down and it will crystalize into a term loan payable over 3 years afterwards. The interest rate is a margin of 5.5% over 3 months libor rate determined on the first draw down date. Additional penal interest rate of 2% is applicable on default when payment fall due. Upon expiry, any amount due and not paid attracts a penal rate of 13.9% p.a.

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31. Employee benefit obligation

The movement in the defined benefit obligation is as follows:

	2021 US\$	2020 US\$
Balance at 1 January	2,234,647	1,508,699
Service cost	162,318	168,110
Interest cost	317,221	298,507
Actuarial gain	512,847	779,019
Exchange loss	(509,333)	(93,370)
Benefits payment	(84,626)	(426,318)
Balance at 31 December	2,633,074	2,234,647

31.1 Employee benefit expense recognised in profit or loss

	2021 US\$	2020 US\$
Service cost	162,318	168,110
Interest cost	317,221	298,507
	479,539	466,617

31.2 Remeasurement gains in OCI

	2021 US\$	2020 US\$
Actuarial gain / (loss)	512,848	(779,019)

Defined benefit obligation

The Corporation bears the cost of its retirees' medical expenses till death. The method of accounting and frequency of valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually. The Corporation also pay Long Service Awards to deserving employee on milestones.

The principal actuarial assumptions used are as follows:

Starting health care per capita costs

The starting per capita cost is based on plan experience for 2020. No assumption was made explicitly for morbidity aging factors. Starting Per capita health care cost is GHS 3,900.

Discount rate

A rate of 20% per annum was used.

Post retirement mortality rates

Mortality rates are based on the South African SA 1956-62 mortality table with a loading provision of 20.2%. This is consistent with the Mortality table used in Ghana.

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32. Employee benefit obligation - continued

Health care trend rates

Assumed rates are based on publicly available data and the general increase in healthcare costs and macro-economic theory.

Claims rate

Assumed claim rates are based on the claims trend of GNPC as provided in the data. Hence a claim rate of 20% is fixed.

Changes in the significant actuarial assumptions

The calculation of the net defined benefit liability is sensitive to the significant actuarial assumptions mentioned above. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability at 31 December:

Health Care Trend Rates

Year	2018	2019	2020	2021+
Annual Rate (%)	25%	20%	20%	25%

32. Trade and other payables

	Group		Corporation	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
Trade & Other Creditors	281,778,126	636,217,589	252,870,864	623,228,005
Lease Liability – FPSO & Building	95,857,096	104,519,767	95,857,096	104,519,767
Local creditors	9,844,771	2,498,015	3,980,762	2,498,015
Staff creditors	4,295,167	3,046,859	4,295,167	3,046,859
TEN Partner Financing (Note 32.1)	116,728,276	119,445,481	116,728,276	119,445,481
SGN Partner financing (Note 32.1)	7,637,964	8,142,071	7,637,964	8,142,071
Jubilee Partner Financing (Note 32.1)	51,687,643	80,435,038	51,687,643	80,435,038
	567,829,043	954,304,820	533,057,772	941,315,236

Trade payables are non-interest bearing and are normally settled between 30 to 90 days.

32.1 Partner financing

This represents the amount the Group owes the Jubilee, TEN and Sankofa Gye Nyame Partners in respect of Development and Production Costs.

The TEN partner financing is funding provided by the DWT contractor for GNPC's share of the development cost for the TEN Fields. GNPC has elected to have the Contractor fund its additional interest of 5% in the field at an interest rate of Libor plus 1.5%pa in accordance with the terms of the petroleum agreement between the government of Ghana and GNPC on one hand and Tullow Ghana Limited, Sabre Oil and Gas Limited (PetroSA now owns the Sabre Oil & Gas interest) and Kosmos Energy Limited. GNPC applies 40% revenue from its share of crude proceeds from TEN fields towards debt servicing.

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33. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise accounts payable, bank loans and overdrafts, and debentures. The main purpose of these financial instruments is to manage short-term cash flow and raise finance for the Group's capital expenditure programme. The Group's principal financial assets, other than derivatives, comprise trade and other receivables and cash and short-term deposits that arise directly from its operations.

Risk exposures and responses

The Group manages its exposure to key financial risks in accordance with its financial risk management policy.

The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security. The main risks that could adversely affect the Group's financial assets, liabilities or future cash flows are: market risks comprising commodity price risk, cash flow interest rate risk and foreign currency risk; liquidity risk; and credit risk. Management reviews and agrees policies for managing each of these risks that are summarised below.

The Group's senior management oversees the management of financial risks. The Group's senior management is supported by a Financial Risk Committee that advises on financial risks and the appropriate financial risk governance framework for the Group.

It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken. Currently, the Group does not apply any form of hedge accounting.

The Board of Directors reviews and agrees policies for managing these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: commodity price risk, interest rate risk and foreign currency risk. Financial instruments affected by market risk include loans and borrowings, deposits, trade receivables, trade payables and accrued liabilities. Sensitivity analysis relating to key market risks has been provided below:

(a) Foreign currency risk

During the year the Group has been exposed to currency risk on purchases and borrowings that are denominated in currencies other than the functional currency. The other currencies in which these transactions are denominated are in US\$.

The group's exposure to foreign currency risk, as at the relevant year ends, was as follows based on foreign currency amounts:

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33. Financial risk management objectives and policies (continued)

The following significant exchange rates applied at the following reporting date with respect to the US\$:

	2021	2020
	US\$	US\$
Exchange rate US\$ / GHS	6.0091	5.7631

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which include an assessment of credit rating, short-term liquidity and financial position. The Group obtains sufficient collateral (where appropriate) from customers as a means of mitigating the risk of financial loss from defaults. In addition, receivable balances are monitored on an ongoing basis, with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and short-term investments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Set out below is an analysis of various credit exposures:

Group

<i>Amount past due but not impaired</i>	2021	2020
	US\$	US\$
Past due up to 30 days	18,686,244	36,925,424
Past due 31-60 days	93,431,222	184,627,120
Past due 61-90 days	33,635,240	66,465,763
Past due 91-120 days	5,605,873	11,077,627
Past due more than 120 days	35,503,864	70,158,305

Corporation

<i>Amount past due but not impaired</i>	2021	2020
	US\$	US\$
Past due up to 30 days	18,684,316	36,922,857
Past due 31-60 days	93,421,579	184,614,287
Past due 61-90 days	33,631,768	66,461,143
Past due 91-120 days	5,605,295	11,076,857
Past due more than 120 days	35,500,200	70,153,429

Collateral and other credit enhancement

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

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33. Financial risk management objectives and policies (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group monitors its risk to a shortage of funds by monitoring its debt rating and the maturity dates of existing debt and other payables.

The group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The tables below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments

Group

As at December 2021

	Less than 1 year US\$	More than 1 year US\$	Total US\$
Interest-bearing loans and borrowings	90,143,647	142,753,135	232,896,782
Trade and other payables	275,349,993	292,479,050	567,829,043
	365,493,640	435,232,185	800,725,825

As at December 2020

	Less than 1 year US\$	More than 1 year US\$	Total US\$
Interest-bearing loans and borrowings	123,767,029	216,740,825	340,507,854
Trade and other payables	649,552,385	171,097,330	820,649,715
	773,319,414	387,838,155	1,161,157,569

Corporation

As at December 2021

	Less than 1 year US\$	More than 1 year US\$	Total US\$
Interest-bearing loans and borrowings	90,143,647	142,753,135	232,896,782
Trade and other payables	253,411,600	279,646,172	531,581,902
	343,555,247	422,399,307	765,954,554

As at December 2020

	Less than 1 year US\$	More than 1 year US\$	Total US\$
Interest-bearing loans and borrowings	123,767,029	216,247,178	340,014,207
Trade and other payables	417,930,889	389,729,241	807,660,130
	541,697,918	605,976,419	1,147,674,337

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34. Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged.

In the definition of capital, the group includes, share capital, retained earnings and loans. The Group is not subject to any externally imposed capital requirements.

35. Fair value measurement and categories of financial instruments

The carrying amounts of the group and the Group's financial assets and liabilities approximate their fair values.

36. Related party transactions

Information about subsidiaries

	Principal Activity	Country	Percentage of equity/interest	
			2021	2020
Prestea Sankofa Gold Limited	Mining	Ghana	90%	90%
Mole Motel Company Limited	Hospitality	Ghana	60%	60%
Jubilee Oil Holding Company Limited	Oil and gas	Cayman Islands/ Ghana	100%	-

The holding entity:

GNPC is 100% owned by Government of Ghana.

Joint venture/Associate

The Corporation has a 45% interest in Saltpond offshore Corporation limited and 0.055% in Airtel Ghana which have been fully impaired.

Related party transactions

During the year, the Corporation entered into the following transactions with its related parties. Year end balances arising from transactions with related parties:

Name of related party	2021 US\$	2020 US\$
Prestea Sankofa Gold Limited	23,562,277	20,532,464
GNPC Exploration and Production Co. Ltd	15,559,846	14,528,914
Mole Motel Limited	221,662	221,662
GNPC Technip Limited	22,164	12,118
Saltpond Offshore Producing Company Limited	6,933,095	6,748,738
	46,299,044	42,043,896

Ghana National Petroleum Corporation

Notes to the consolidated financial statements

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36. Related party transactions (continued)

Transactions with related parties

Transactions with related parties during the year are as follows:

Name of related party	Transaction type	2021 US\$	2020 US\$
GNPC Exploration and Production Co. Ltd	Advances and payments of cash calls	1,030,932	3,861,487
Airtel Ghana Limited	Telecom services	44,632	77,637
Prestea Sankofa Gold Limited	Advances and payment of expenses	3,029,813	3,648,367
Saltpond Offshore Producing Company Ltd	Advances and payment of expenses	184,357	578,097
		4,289,734	8,165,588

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2021, impairment of receivables relating to amounts owed by related parties was US\$16,164,367 (2020:US\$19,181,161).

Compensation of key management personnel and directors of the Corporation

The remuneration of directors and other members of key management personnel during the year was as follows:

Key management personnel

	2021 US\$	2020 US\$
Short term benefits	3,209,904	3,329,517

Directors' remuneration

	2021 US\$	2020 US\$
Board fees	257,171	344,667
Other board expense	451,865	243,034
	709,036	587,701

The remuneration of directors and key executives is determined by the Board welfare committee having regard to the performance of individuals and market trends.

37. Commitments for expenditure

Under the Off-Shore Cape Three Point (OCTP) agreement, the Corporation has a contractual obligation – Take or pay obligation – to purchase and pay for a minimum guaranteed quantity of gas from the OCTP partners, even where the corporation is unable to physically take the required quantities.

Additionally, the corporation is required to pay for condensates that would have accrued to the OCTP partners had the corporation lifted the required quantities of gas.

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Notes to the consolidated financial statements For the year ended 31 December 2021

38. Decommissioning liability

The Corporation has no liability to the decommissioning of currently producing oil fields, as the decommissioning liabilities is to be borne by the contractors.

39. Deferred revenue

a. On 12 December 2014, the Corporation entered into a Fiscal Support Agreement with its joint venture investment Partners, that is ENI Ghana Exploration and Production Limited and Vitol Upstream Ghana Limited for OCTP phase 1 oil development.

The agreement is for the Corporation to support the investment Partners with capital in the form of oil liftings.

Per the agreement, GNPC will support ENI Ghana and Vitol Upstream Ghana with an advance of US\$ 200 million in oil liftings. This is equivalent to 3.6 million barrels of crude oil.

The duration of the agreement is for 15 years commencing December, 2014 and ends in 2036, however the lifting of the oil commenced from July 2019 to September, 2021.

ENI Ghana is expected to repay the Corporation after 15 years with the same quantity of crude oil. The price of the crude oil will be determined using the prevailing world market prices in the 15th year upon repayment by ENI Ghana and Vitol Ghana.

As of 31 December 2021, 3,638,185 barrels had been lifted at various prices resulting in the required \$200 million.

b. Reference to the same agreement above for an advance of Remainder on Board (ROB) stock of 240,000 barrels at \$51.75 totalling US\$ 12,420,000 in 2020. The Corporation purchased 240,000 barrels of crude oil from the contractor's share to operate the FPSO during the commercial production period (ROB volume). At the end of field life when the ROB stock is to be lifted by the Corporation, the Contractor agrees to purchase the same volume of oil remaining on the FPSO from the Corporation (irrespective of the quality) at the same price at which such oil was originally sold to GNPC.

40 Corporate social investments (CSI)

The Corporation in 2020 executed its CSI projects through the Sustainability Department and GNPC Foundation. The total amount spent for the year was US\$34,089,227, (2020:US\$ 64,664,146) and disbursed as follows:

Key activities undertaken included:

- Award of local scholarships to 1,300 students and 60 international scholarships
- Continued sponsorship of 1,744 students consisting of local 1,704 and 40 international scholarships to undertake graduate level studies. The scholarship covers full tuition and boarding;
- Continued support for 200 medical students studying in Cuba.
- Continued support for the completion of 2019 and 2020 project
- Certification and support for the training of 879 skilled artisans for Central and Western Region
- Sports sponsorship

41 Events after the reporting period

There have been no events subsequent to the reporting date that would require a disclosure or adjustment to these financial statements but notice of the impact of COVID 19 in the business must be made.