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**Ghana National Petroleum
Corporation (GNPC)**

**Consolidated and separate financial
statements
31 December 2022**

Ghana National Petroleum Corporation

Consolidated and separate financial statements For the year ended 31 December 2022

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Ghana National Petroleum Corporation

Corporate information

For the year ended 31 December 2022

Board of directors:	Mr. Freddie Blay Mr. Opoku-Ahweneh Danquah Nana Ogye Ahohoo Yaw Gyebi II Mr. Martin Kwabena Kwakye Mr. Yaw Kyei Yoo Naa Andani Yakubu Abu V Ms. Ama Gyamfuah Abrefa Dr. Kofi Koduah Sarpong	Chairman Acting Chief Executive (Appointed 22 April 2022) Member Member Member Member Member Chief Executive (Resigned 22 April 2022)
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Secretary: Veritas International Nominees & Trustees PRUC
5th Floor, Platinum Place
Hilla Limann Highway, Accra

Business and postal address: Petroleum House,
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 PLC
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 2022

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 2022.

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 2022

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 2022 is reported on page 2 of the financial statements.

Directors' fees for services rendered during the year under review are disclosed in note 36 on page 75 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. These included:

Date	Training
20 June 2022 – 24 June 2022	Corporate Governance Training by JP Can
6 November 2022 – 10 November 2022	Commercial contracts in Oil and Gas and Negotiation Skills by BMC Training

7. Changes in Chief Executive

On 21 April 2022, Mr. Opoku-Ahweneeh 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 business in the hospitality industry.

The Corporation 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 owns one 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 owns one 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 2022

11. Dividend

The Directors do not recommend the payment of dividend for the year ended 31 December 2022 (2021: Nil).

12. Corporate social responsibility

An amount of US\$22,045,979 was spent on fulfilling the corporate social responsibility of the Corporation (2021: US\$34,089,227). Sponsorship activities for the year ended 31 December 2022 included road infrastructure for various communities, health and education and related matters.

13. Going concern

The Directors have assessed the ability of the Corporation to continue operating 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 and the report of the directors

The financial statements of the Corporation and the Group were approved by the Board of Directors on 14 November 2023 and signed on their behalf by:

Director:.....

Name: Opolen-Akweneh Senguah (Mr)

Date: 28/11/2023

Director:.....

Name: Freddie Blay (Mr)

Date: 28/11/2023

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 12 to 76, which comprise the consolidated and separate statements of financial position as at 31 December 2022, 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 2022, 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 auditor's 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 this auditor's 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. We have determined the matters determined the matters described below to be key audit to be communicated in our report.

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

Key audit matter	How the matter was addressed in the audit
<p>Valuation of petroleum projects</p> <p>The net petroleum projects value of US\$729.74 constitute approximately sixty-five percent (65%) of total assets as at the end of the financial 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 used in the valuation.</p>	<p>We performed the following audit procedures with respect to the valuation of Petroleum Projects:</p> <ul style="list-style-type: none"> • Analyzed the detailed list of additions to the Petroleum Project 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 amounts capitalised were appropriate to be capitalised and confirmed that these amounts were capitalised to the appropriate project. Confirmed that these amounts were in accordance 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. • 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 of 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 performed by management 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. • Assessed the appropriateness of reliance on management's internal reserve specialists by performing procedures to evaluate their objectivity and competency. • 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 • 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 auditor's 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.

Auditor's 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 auditor's 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 auditor's 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/2023/129)
Chartered Accountants
The Deloitte Place, Plot No. 71
Off George Walker Bush Highway
North Dzorwulu
Accra Ghana**

2nd December
..... 2023

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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 2022

	Notes	Group 2022 US\$	2021 US\$	Corporation 2022 US\$	2021 US\$
Revenue from contract with customers	5	1,295,999,799	995,194,224	1,004,065,914	937,689,391
Cost of sales	6	(931,817,767)	(828,345,298)	(873,682,862)	(800,853,342)
Gross profit		364,182,032	166,848,926	130,383,052	136,836,049
Other operating income	7	26,796,865	27,068,106	26,795,418	27,048,963
General administrative expenses	8	(133,371,626)	(161,652,639)	(112,349,539)	(133,986,312)
Remeasurement gains of defined benefit obligation	31.2	921,755	-	921,755	-
Other operating expenses	9	(2,116,896)	(3,606,843)	(2,116,896)	(3,606,843)
Operating profit		256,412,130	28,657,550	43,633,790	26,291,857
Finance cost	10	(18,215,514)	(15,709,398)	(18,137,915)	(15,610,691)
Profit before tax		238,196,616	12,948,152	25,495,875	10,681,166
Taxation	11a	(75,750,081)	(9,302,049)	-	-
Profit after tax		162,446,535	3,646,103	25,495,875	10,681,166
Other comprehensive income for the year					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement gains of defined benefit obligation	31.2	-	512,848	-	512,848
Items that may be reclassified subsequently to profit or loss:					
Revaluation Reserves	28	21,494,673	-	21,280,861	-
Translation Difference		6,038,102	37,866	-	-
Other comprehensive income for the year, net of tax		27,532,775	550,714	21,280,861	512,848
Total comprehensive income for the year, net of tax		189,979,310	4,196,817	46,776,736	11,194,014
Profit/(loss) for the year attributable to:					
Owners of the Corporation		162,815,649	6,087,155	-	-
Non-controlling Interests		(369,114)	(2,441,052)	-	-
		162,446,535	3,646,103	-	-
Total comprehensive income attributable to:					
Owners of the Corporation		189,727,110	6,622,723	-	-
Non-controlling interests		252,200	(2,425,906)	-	-
		189,979,310	4,196,817	-	-

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 2022

Assets	Notes	Group		Corporation	
		2022 US\$	2021 US\$	2022 US\$	2021 US\$
Non-current assets					
Property, plant & equipment	12	138,602,909	87,954,612	137,216,054	86,585,612
Intangible assets	13	284,793	844,921	284,793	844,921
Exploration and evaluation assets	14	125,766,399	96,976,425	103,492,089	79,296,206
Petroleum projects	15	729,743,930	719,465,311	509,358,737	538,225,980
Due from government and its agencies	17	131,891,206	268,782,359	131,891,206	268,782,359
Investment in subsidiaries	18	-	-	165,617,316	165,617,316
Total non-current assets		1,126,289,237	1,174,023,628	1,047,860,195	1,139,352,394
Current assets					
Inventories	20	1,077,534	495,832	43,463	187,421
Due from related parties	21	-	-	34,050,918	31,586,110
Trade and other receivables	22	270,520,920	179,908,988	261,206,329	159,843,181
Prepayment	23	336,521,102	940,872,469	336,521,102	940,872,469
Cash & bank balances	24	82,482,867	20,119,802	81,443,103	19,934,564
Total current assets		690,602,423	1,141,397,091	713,264,915	1,152,423,745
Total assets		1,816,891,660	2,315,420,719	1,761,125,110	2,291,776,139


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 2022

Equity and Liabilities	Notes	Group		Corporation	
		2022 US\$	2021 US\$	2022 US\$	2021 US\$
Equity					
Stated capital	25	3,332,726	3,332,726	3,332,726	3,332,726
Petroleum equity & project Fund	26 & 27	114,159,183	156,942,922	114,159,184	156,942,923
Decommissioning fund	8.1	21,535,424	28,247,075	21,535,424	28,247,075
Retained earnings		387,041,804	181,442,416	267,828,078	199,548,464
Revaluation reserve	28	21,494,673	-	21,280,861	-
Translation reserve		8,850,682	(22,695)	-	-
Equity attributable to equity holders of the parent		556,414,492	369,942,444	428,136,273	388,071,188
Non-controlling interests		(1,379,752)	(2,425,906)	-	-
Total equity		555,034,740	367,516,538	428,136,273	388,071,188
Non-current liabilities					
Training & technology fund	29	44,756,259	46,617,060	44,756,259	46,617,060
Medium term loans	30	644,579,397	1,321,489,803	845,589,111	1,321,397,045
Deferred tax liabilities	11c	12,259	27,165	-	-
Employee benefits obligation	31	2,490,801	2,633,074	2,490,801	2,633,074
Total non-current liabilities		691,838,716	1,370,767,102	892,836,171	1,370,647,179
Current liabilities					
Trade & other payables	32	485,480,967	567,829,043	440,152,666	533,057,772
Taxation	11b	84,537,237	9,308,036	-	-
Total current liabilities		570,018,204	577,137,079	440,152,666	533,057,772
Total liabilities		1,261,856,920	1,947,904,181	1,332,988,837	1,903,704,951
Total equity and liabilities		1,816,891,660	2,315,420,719	1,761,125,110	2,291,776,139


Director:.....

Name: *Opolku-Ahwenuh Danguah (Mr)*

Date: *28/11/2023*


Director:.....

Name: *Freddie Blay (Mr)*

Date: *28/11/2023*

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

Ghana National Petroleum Corporation

Consolidated statement of changes in equity (continued)

For the year ended 31 December 2022

Group	Stated capital US\$	Decommissioning fund US\$	Revaluation reserves US\$	Petroleum equity & Project fund US\$	Retained earnings US\$	Exchange translation reserve US\$	Non-Controlling Interest US\$	Total equity US\$
As at 1 Jan 2022	3,332,726	28,247,075	-	156,942,922	181,442,416	(22,695)	(2,425,906)	367,516,538
Profit/(loss) for the year	-	-	-	-	162,815,649	-	(369,114)	162,446,535
Net movement in non-controlling interest	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	3,456,590	793,953	4,250,543
Decommissioning Fund	-	(6,711,651)	21,494,673	-	-	-	-	21,494,673
Translation difference	-	-	-	-	-	-	-	(6,711,651)
Transfer to retained earnings	-	-	-	(42,783,739)	42,783,739	5,416,787	621,315	6,038,102
As at 31 Dec 2022	3,332,726	21,535,424	21,494,673	114,159,183	387,041,804	8,850,682	(1,379,752)	555,034,740
				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/(loss) for the year	-	-	-	-	6,087,155	-	(2,441,052)	3,646,103
Net movement in non-controlling interest	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	512,848	(2,988,008)	3,393,960	405,953
Decommissioning Fund	-	5,947,075	-	-	-	-	-	512,848
Translation difference	-	-	-	-	-	22,720	-	5,947,075
Transfer to retained earnings	-	-	-	(89,825,996)	89,825,996	-	15,146	37,866
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

Ghana National Petroleum Corporation

Consolidated statement of changes in equity (continued)

For the year ended 31 December 2022

Corporation	Stated capital US\$	Decommissioning fund US\$	Petroleum equity & Project fund US\$	Revaluation Reserves US\$	Retained earnings US\$	Total equity US\$
Balance at 1 Jan 2022	3,332,726	28,247,075	156,942,923	-	199,548,464	388,071,188
Profit for the year	-	-	-	-	25,495,875	25,495,875
Other comprehensive income	-	-	-	21,280,861	-	21,280,861
Decommissioning Fund	-	(6,711,651)	-	-	-	(6,711,651)
Transfer from retained earnings	-	-	(42,783,739)	-	42,783,739	-
Balance at 31 Dec 2022	3,332,726	21,535,424	114,159,184	21,280,861	267,828,078	428,136,273

	Stated capital US\$	Decommissioning fund US\$	Petroleum equity & Project fund US\$	Other Reserves 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
Profit 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

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 2022

	Notes	Group 2022 US\$	2021 US\$	Corporation 2022 US\$	2021 US\$
Cash flows from operating activities					
Profit before tax		237,274,861	12,948,288	24,574,120	10,681,166
Adjustments for:					
Depreciation charge	12	2,504,827	6,345,486	2,167,737	2,299,310
Amortisation of intangible assets	13	638,838	1,362,590	638,838	1,362,590
End of service benefit interest and exchange loss	31	(697,629)	-	(697,629)	-
End of service actuarial gain	31	921,755	-	921,755	-
Petroleum project cost amortisation	15.1	108,572,955	59,938,974	67,445,170	59,938,972
Decommissioning expenses		(6,711,651)	-	(6,711,651)	-
Net foreign exchange differences (unrealised)		8,873,377	(17,435,017)	-	-
Profit on disposal of property, plant and equipment	12.5	(185,341)	-	(185,341)	-
Finance cost	10	18,215,514	15,709,398	18,137,915	15,610,691
Finance income	7	(84)	(526,687)	(84)	(526,687)
Working capital adjustments:					
Changes in amount due from government & its agencies		136,894,153	121,729,811	136,891,153	121,729,811
Changes in inventories		(581,702)	(217,127)	(143,959)	(82,102)
Changes in amount due from related party		-	-	(2,464,808)	(16,835,534)
Changes in receivables		513,739,433	(364,070,461)	502,988,219	(344,026,987)
Changes in payables		(88,075,618)	(382,894,967)	(99,363,739)	(407,776,566)
Income taxes paid	11b	(3,408)	(1,302)	-	-
Net cash generated from operating activities		931,377,280	(547,111,014)	644,197,696	(557,625,336)

Ghana National Petroleum Corporation

Consolidated statement of cash flows (continued)

For the year ended 31 December 2022

	Notes	Group 2022 US\$	2021 US\$	Corporation 2022 US\$	2021 US\$
Net cash generated from operating activities		931,377,280	(547,111,014)	644,197,696	(557,625,336)
Cash flows from investing activities					
Purchase of property, plant & equip.	12	(31,872,262)	(24,382,850)	(31,517,318)	(19,303,662)
Purchase of intangible assets	13	(78,710)	(145,909)	(78,710)	(145,909)
Additions to petroleum projects	15.1	(118,851,573)	(200,800,033)	(38,577,927)	(19,560,702)
Exploration assets	14	(28,789,878)	(3,920,856)	(24,195,883)	(1,186,270)
Right of use of asset		-	(148,907)	-	(148,906)
Defined benefit obligation payment	31	(366,399)	(509,333)	(366,399)	(509,333)
Proceeds from sale of fixed asset	12.5	185,341	-	185,341	-
Acquisition of subsidiary		-	-	-	(165,594,596)
Interest received	7	84	526,687	84	526,687
Net cash used in investing activities		(179,773,397)	(229,381,201)	(94,550,812)	(205,922,691)
Cash flows from financing activities					
Proceeds from medium term loans	30	13,472,659	758,831,608	13,050,169	745,720,329
Repayment of medium term loans	30	(690,383,065)	(15,000,000)	(488,858,103)	(15,000,000)
Interest paid on medium term loans	30	(10,469,610)	(6,574,129)	(10,469,610)	(6,574,129)
Payment for training & technology grant	29	(1,860,801)	4,214,209	(1,860,801)	4,214,209
Net cash (used in)/generated from financing activities		(689,240,817)	741,471,688	(488,138,345)	728,360,409
Net increase / (decrease) in cash and cash equivalents		62,363,066	(35,020,527)	61,508,539	(35,187,618)
Cash & cash equivalents at 1 January		20,119,801	55,140,328	19,934,564	55,122,182
Cash & cash equivalents at 31 December	24	82,482,867	20,119,801	81,443,103	19,934,564

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

Ghana National Petroleum Corporation

Notes to the consolidated financial statements

For the year ended 31 December 2022

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 New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

Amendments to IFRS 3 Reference to the Conceptual Framework

The Group has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. 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 Provisions, Contingent Liabilities and Contingent Assets, 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.

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

The Group has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. 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 entity 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 entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements

For the year ended 31 December 2022

Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract

The Group has adopted the amendments to IAS 37 for the first time in the current year. 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).

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

The Group has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. 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 Accounting 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).

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise 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.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements

For the year ended 31 December 2022

New and revised IFRS Accounting 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 Accounting Standards that have been issued but are not yet effective.

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
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 if indicated below.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 published in January 2020 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.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements

For the year ended 31 December 2022

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments.

The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods.

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

Notes to the consolidated financial statements

For the year ended 31 December 2022

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.

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 IASB 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.

The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements

For the year ended 31 December 2022

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 as issued by the IASB.

3.2 Basis of preparation

The consolidated and separate financial statements have been prepared on the historical cost basis, except for certain properties that have been measured at fair value.

The consolidated & separate financial statement are presented in US\$ and all values are rounded to the nearest Dollar (US\$) except when otherwise stated.

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.

The 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.

Notes to the consolidated financial statements

For the year ended 31 December 2022

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 2022

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 2022

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.

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 2022

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) Petroleum projects, property, plant and equipment

Initial recognition

Petroleum projects 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.

Items of property, plant and equipment except land and buildings are measured at cost less accumulated depreciation and accumulated impairment losses. Land and buildings are measured at revalued amount less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements

For the year ended 31 December 2022

3. Summary of significant accounting policies (continued)

3.8 Oil exploration, evaluation and development expenditure (continued)

(b) Petroleum projects, property, plant and equipment

A revaluation surplus is recorded in OCI and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss.

A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

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.

Petroleum Projects - 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 petroleum projects.

Petroleum Projects - 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 - depreciation/amortisation

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

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.

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 2022

3 Summary of significant accounting policies (continued)

3.8 Oil exploration, evaluation and development expenditure (continued)

(b) Petroleum projects, 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.

3.9 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.

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.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements

For the year ended 31 December 2022

3.10 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.

3.11 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.

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.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements

For the year ended 31 December 2022

3 Summary of significant accounting policies (continued)

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 2022

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 2022

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 2022

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.

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.

Notes to the consolidated financial statements

For the year ended 31 December 2022

3 Summary of significant accounting policies (continued)

b. Financial liabilities

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.

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 2022

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.

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.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements

For the year ended 31 December 2022

3 Summary of significant accounting policies (continued)

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.

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.

Notes to the consolidated financial statements

For the year ended 31 December 2022

3.17 Taxation (continued)

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.

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.

Notes to the consolidated financial statements

For the year ended 31 December 2022

Summary of significant accounting policies (continued)

3.19 Leases (continued)

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.

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.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements

For the year ended 31 December 2022

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.

Notes to the consolidated financial statements For the year ended 31 December 2022

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.

Taxes

Though the Corporation is not subject to tax, the subsidiaries are. Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing. As the Group assesses the probability for any litigation with respect to taxes as remote, no contingent liability has been recognised. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Details on the group's tax position are disclosed in note 11c.

Employee benefits obligation

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases.

Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details on the group's pension benefit scheme including the assumptions used are disclosed in note 31.

Notes to the consolidated financial statements

For the year ended 31 December 2022

4. Significant accounting judgements, estimates and assumptions (continued)

4.3 Estimates and assumptions

Provisions and contingencies

A provision is recognised if, as a result of past obligating event, the settlement amount can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the net present value of the lower of the expected cost to terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognized because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

The Group does not recognise a contingent liability. The group only discloses a contingent liability, unless the possibility of an outflow of resources embodying economic benefits is remote.

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.

Notes to the consolidated financial statements

For the year ended 31 December 2022

4. Significant accounting judgements, estimates and assumptions (continued)

4.4 Estimates and assumptions

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.

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 2022

5 Revenue from contract with customers

	Group		Corporation	
	2022	2021	2022	2021
	US\$	US\$	US\$	US\$
Gross crude oil revenue	872,661,106	606,735,431	872,661,106	606,735,431
Oil revenue used to recover cost	48,004,203	41,926,543	48,004,203	41,926,543
Government royalties	(188,144,806)	(144,779,036)	(188,144,806)	(144,779,036)
GCB Bank Limited loan repayment	(8,712,479)	(18,416,020)	(8,712,479)	(18,416,020)
Decommissioning fund	(17,469,600)	(6,021,580)	(17,469,600)	(6,021,580)
Gov't's share of crude revenue	(388,179,190)	(186,713,004)	(388,179,190)	(186,713,004)
Net share of crude oil revenue	318,159,234	292,732,334	318,159,234	292,732,334
Net share of gas sales	685,906,680	644,957,057	685,906,680	644,957,057
Bullion revenue	18,537,690	4,808,271	-	-
Jubilee Oil Holding Company Limited lifting	273,013,605	52,439,749	-	-
Services income	382,590	256,813	-	-
	1,295,999,799	995,194,224	1,004,065,914	937,689,391

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

	Group		Corporation	
	2022	2021	2022	2021
	US\$	US\$	US\$	US\$
Foreign sales	591,555,429	303,502,354	318,159,234	250,805,792
Local sales	704,444,370	691,691,870	685,906,680	686,883,599
	1,295,999,799	995,194,224	1,004,065,914	937,689,391

5.1. Summary of liftings for the year

Jubilee Field	2022	2022	2021	2021
	Number of barrels	Amount US\$	Number of barrels	Amount US\$
First lifting	953,343	92,557,212	995,549	64,801,280
Second lifting	903,844	104,186,098	948,888	60,456,501
Third lifting	947,925	119,833,835	948,499	67,989,357
Fourth lifting	952,341	97,439,722	948,095	70,015,868
Fifth lifting	948,309	82,967,554	948,033	70,409,463
Sixth lifting	947,735	74,897,602	-	-
	5,653,497	571,882,023	4,789,064	333,672,469

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Notes to the consolidated financial statements

For the year ended 31 December 2022

5.1 Summary of liftings for the year -continued

Tweneboah-Enyenra-Ntomme (TEN) Fields

	2022 Number of barrels	2022 Amount US\$	2021 Number of barrels	2021 Amount US\$
First lifting	994,962	111,358,137	944,962	58,230,448
Second Lifting	-	-	947,108	70,493,248
Third Lifting	-	-	994,951	71,012,638
	994,962	111,358,137	2,887,021	199,736,334

Sankofa and Gye Nyame (SGN) Field	2022 Number of barrels	2022 Amount US\$	2021 Number of barrels	2021 Amount US\$
First Lifting	903,486	108,833,924	949,845	61,604,710
Second Lifting	903,523	80,587,023	-	-
Barrels for Repayment	492,137	48,004,203	599,395	41,926,542
	2,299,146	237,425,150	1,549,240	103,531,252

5.2 Summary of average achieved lifting price

	2022 US\$	2021 US\$
Jubilee fields	121.53	69.72
Sankofa & Gye Nyame (SGN)	104.83	64.93
Tweneboah-Enyenra-Ntomme (TEN)	111.92	69.14
Jubilee Oil Holding Company	96.14	80.49
Barrels for repayment	97.54	71.25

5.3 Summary of Jubilee Oil Holding Company liftings for the year

Jubilee Field	2022 Number of barrels	2022 Amount US\$	2021 Number of barrels	2021 Amount US\$
First lifting	944,164	100,748,780	213,801	16,708,780
Second lifting	947,164	87,084,888	222,633	18,301,749
Third lifting	948,339	85,179,809	215,072	17,429,220
	2,839,667	273,013,477	651,506	52,439,749

Ghana National Petroleum Corporation

Notes to the consolidated financial statements

For the year ended 31 December 2022

6. Cost of sales

	Group		Corporation	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Cost associated with production (note 6.1)	199,382,593	166,834,571	141,310,742	139,379,767
Gas product Cost	561,882,155	504,920,629	561,882,155	504,920,629
Insurance Cost	11,124,204	11,443,384	11,124,204	11,443,384
Gas Transmission Cost	159,365,761	145,109,562	159,365,761	145,109,562
Other	63,054	37,152	-	-
	931,817,767	828,345,298	873,682,862	800,853,342

6.1 Analysis of cost of production

	Group		Corporation	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Jubilee production cost	32,257,809	22,878,209	32,257,809	22,878,209
TEN production cost	1,555,918	22,467,066	1,555,918	22,467,066
SGN Production Cost	40,051,844	34,095,518	40,051,844	34,095,518
Jubilee cost amortisation	9,103,856	8,226,665	9,103,856	8,226,665
SGN cost amortisation	19,503,719	23,347,109	19,503,719	23,347,109
Jubilee Oil Holding Company	43,982,095	22,835,963	-	-
Prestea Sankofa Production	14,089,756	4,618,841	-	-
SGN FPSO amortisation	4,012,029	4,649,276	4,012,029	4,649,276
TEN FPSO amortisation	6,694,643	5,102,735	6,694,643	5,102,735
TEN capital cost amortisations	28,130,923	18,613,189	28,130,923	18,613,189
	199,382,592	166,834,571	141,310,741	139,379,767

7. Other operating income

	Group		Corporation	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Interest on short term investments	84	526,687	84	526,687
Other operating Income	5,180,000	797,354	5,180,000	797,354
Services rendered to oil exploration companies	-	50,261	-	50,261
Gain on Disposal	185,341	-	185,341	-
Transfer from Training & Technology Fund (Note 29)	6,075,008	3,885,791	6,075,008	3,885,791
Exchange gain	14,396,384	1,924,285	14,394,937	1,905,142
Rental income	81,556	4,317	81,556	4,317
Other non-trading income	878,492	19,879,411	878,492	19,879,411
	26,796,865	27,068,106	26,795,418	27,048,963

Ghana National Petroleum Corporation

Notes to the consolidated financial statements

For the year ended 31 December 2022

8. General and administrative expenses

	Group		Corporation	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Personnel emoluments	24,876,302	23,376,549	24,807,153	23,307,637
General operating expenses	35,870,969	42,453,459	20,862,278	23,252,645
Exchange loss	1,862,190	4,321,019	-	-
Corporate social investment	22,045,979	34,089,227	22,045,979	34,089,227
Exploration promotion expenses	348,910	451,968	348,910	451,968
Depreciation and amortization charge	6,869,869	7,708,077	2,832,438	3,666,900
Audit fees	360,876	350,654	316,250	316,250
Board expenses	1,152,992	709,037	1,152,992	709,037
Bank charges	1,891,642	1,820,160	1,891,642	1,820,160
SOPCL decommissioning expenses (Note 8.1)	245,899	184,357	245,899	184,357
Credit loss provisions	11,331,120	16,734,245	11,331,120	16,734,245
Petroleum project expenses (Note 8.2)	26,514,878	29,453,886	26,514,878	29,453,886
	133,371,626	161,652,639	112,349,539	133,986,312

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\$21,535,424 (2021:US\$28,247,075) which is included in equity.

8.2 Petroleum project expenditure

	Group		Corporation	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Ultra-Deep-Water Keta Project	835,219	927,797	835,219	927,797
North & South Project	1,789,754	1,988,137	1,789,754	1,988,137
TEN Project	4,123,064	4,580,079	4,123,064	4,580,079
OCTP - ENI Project	1,193,170	1,325,425	1,193,170	1,325,425
Deepwater Tano/Cape Three Point	2,150,357	2,388,710	2,150,357	2,388,710
Jubilee investment	13,204,409	14,668,036	13,204,409	14,668,036
South Deep-water Project	1,392,031	1,546,329	1,392,031	1,546,329
Voltarian Basin Project	1,826,874	2,029,373	1,826,874	2,029,373
	26,514,878	29,453,886	26,514,878	29,453,886

9. Other operating expense

	Group		Corporation	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Boundary Commission Support	2,116,896	3,606,843	2,116,896	3,606,843

Ghana National Petroleum Corporation

Notes to the consolidated financial statements For the year ended 31 December 2022

10. Finance cost

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

	Group		Corporation	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Gemcorp Loan	-	819,105	-	819,105
TEN/OCTP Partner Financing	3,428,450	2,203,359	3,428,450	2,203,359
Prestea Sankofa Gold Limited	77,099	98,572	-	-
GRA/JOHL	3,916,610	-	3,916,610	-
Jubilee Oil Holding Limited	-	135	-	-
Right of use – Building	-	148,907	-	148,907
Right of use – FPSO	7,668,305	8,362,572	7,668,305	8,362,572
Standchart/ Societe Generale	1,454,894	3,102,746	1,454,894	3,102,746
GCB Bank Limited Loan	1,669,156	974,002	1,669,656	974,002
	18,215,514	15,709,398	18,137,915	15,610,691

11. Taxation

a. Tax expense

	Group	
	2022 US\$	2021 US\$
Income tax charge	75,743,546	9,311,278
Deferred tax	6,535	(9,229)
	75,750,081	9,302,049

b. Tax payable

Group	Balance	Charge for	Payment	Adjustment	Balance
	1 January US\$	the year US\$	in the year US\$	US\$	31 December US\$
Year of assessment					
Up to 2021	9,308,036	-	-	-	9,308,036
2022	-	75,743,546	(3,408)	(510,937)	75,229,201
	9,308,036	75,743,546	(3,408)	(510,937)	84,537,237

c. Deferred Tax

	Group	
	US\$ 2022	US\$ 2021
Balance at 1 January	27,165	21,300
Deferred tax adjustment	(21,441)	15,094
Charge to profit or loss	6,535	(9,229)
	12,259	27,165

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 2022

12. Property, plant and equipment

12.1 Group 2022

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 2022	23,535,774	1,166,406	11,633,622	5,741,442	4,643,201	63,821,373	4,595	110,546,413
Additions	25,831	13,211	30,671	1,285,170	59,359	30,456,861	1,159	31,872,262
Revaluation gain	21,280,861	-	-	-	-	-	-	21,280,861
Transfer	29,900	-	-	-	-	(29,900)	-	-
Disposal	-	-	-	(1,942,043)	-	-	-	(1,942,043)
At 31 December 2022	44,872,366	1,179,617	11,664,293	5,084,569	4,702,560	94,248,334	5,754	161,757,493
Accumulated depreciation								
At 1 January 2022	2,197,548	980,693	9,804,846	5,414,536	4,190,434	-	3,745	22,591,801
Charge for the year	307,917	40,622	1,045,312	598,154	512,126	-	696	2,504,827
Disposal	-	-	-	(1,942,043)	-	-	-	(1,942,043)
At 31 December 2022	2,505,465	1,021,315	10,850,158	4,070,647	4,702,560	-	4,441	23,154,584
Net book value								
At 31 December 2022	42,366,901	158,302	814,135	1,013,922	-	94,248,334	1,313	138,602,909

Ghana National Petroleum Corporation

Notes to the consolidated financial statements For the year ended 31 December 2022

12. Property plant and equipment (continued)

12.2 Group

2021	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 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
Transfers	-	-	-	-	-	-	(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
Transfers	-	-	-	-	-	-	(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	20,338,226	185,711	1,828,776	326,906	452,769	63,821,373	851	87,954,612

Ghana National Petroleum Corporation

Notes to the consolidated financial statements For the year ended 31 December 2022

12. Property, plant and equipment (continued)

12.3 Corporation

2022	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 2022	22,708,589	372,667	11,456,847	5,257,330	2,082,627	62,758,148	104,636,208
Additions	-	-	-	1,060,793	-	30,456,525	31,517,318
Revaluation gain	21,280,861	-	-	-	-	-	21,280,861
Disposal	-	-	-	(1,905,595)	-	-	(1,905,595)
At 31 December 2022	43,989,450	372,667	11,456,847	4,412,528	2,082,627	93,214,673	155,528,792
Accumulated depreciation							
At 1 January 2022	1,482,488	372,667	9,617,390	4,935,478	1,642,573	-	18,050,596
Charge for the year	305,901	-	1,028,973	443,479	389,384	-	2,167,737
Disposal	-	-	-	(1,905,595)	-	-	(1,905,595)
At 31 December 2022	1,788,389	372,667	10,646,363	3,473,362	2,031,957	-	18,312,738
Net book value							
At 31 December 2022	42,201,531	-	810,484	939,166	50,670	93,214,673	137,216,054
Revaluation of property							

The property, plant and equipment of the Bank were revalued by an independent valuer, K. A. Brokerage & Valuation Limited who is a member of the Ghana Institute of Surveyors. The valuation was made in accordance with the guidance notes and valuation standards of Ghana Institution of Surveyors and the guidance notes of the Royal Institution of Chartered Surveyors. The basis of the valuation is market or fair value. The valuation resulted in a revaluation gain.

Ghana National Petroleum Corporation

Notes to the consolidated financial statements

For the year ended 31 December 2022

12. Property, plant and equipment (continued)

12.4. 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							
Additions							
At 31 December 2021	22,708,589	372,667	11,357,488	5,257,330	1,508,145	44,128,327	85,332,546
	-	-	99,359	-	574,482	18,629,821	19,303,662
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							
Balance as at 1. Jan	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							
As at 31 December 2021	21,226,101	-	1,839,457	321,852	440,054	62,758,148	86,585,612

12.5 Property, plant & equipment disposal schedule

Cost	Group		Corporation	
	2021 US\$	2022 US\$	2021 US\$	2022 US\$
Accumulated depreciation	-	1,942,043	-	1,905,595
Net book value	-	(1,942,043)	-	(1,905,595)
Proceeds	-	-	-	-
Profit on disposal	-	185,341	-	185,341
	-	185,341	-	185,341

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Notes to the consolidated financial statements For the year ended 31 December 2022

13. Intangible assets

Group		
2022	Intangible - Software US\$	Total US\$
Cost		
At 1 January 2022	14,506,792	14,506,792
Additions	78,710	78,710
At 31 December 2022	14,585,502	14,585,502
Accumulated amortization		
At 1 January 2022	13,661,871	13,661,871
Charge for the year	638,838	638,838
At 31 December 2022	14,300,709	14,300,709
Net book value		
At 31 December 2022	284,793	284,793
Corporation		
2022	Intangible - Software US\$	Total US\$
Cost		
At 1 January 2022	14,506,792	14,506,792
Additions	78,710	78,710
At 31 December 2022	14,585,502	14,585,502
Accumulated amortization		
At 1 January 2022	13,661,871	13,661,871
Charge for the year	638,838	638,838
At 31 December 2022	14,300,709	14,300,709
Net book value		
At 31 December 2022	284,793	284,793

Ghana National Petroleum Corporation

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13. Intangible assets (continued)

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		
Balance as at 1 January	12,299,281	12,299,281
Charge for the year	1,362,590	1,362,590
Total	13,661,871	13,661,871
Net book value as at 31 December 2021	844,921	844,921
Corporation		
2021	Intangible 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		
Balance as at 1 January	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

14 Exploration and evaluation assets

	Group		Corporation	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
GNPC Explorco Limited	20,492,052	14,945,633	-	-
Prestea Sankorfa Gold Limited	1,782,258	2,734,586	-	-
Voltaian Basin Project	103,492,089	79,296,206	103,492,089	79,296,206
	125,766,399	96,976,425	103,492,089	79,296,206

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15. Petroleum projects

	Group		Corporation	
	2022	2021	2022	2021
	US\$	US\$	US\$	US\$
Joint operations				
Jubilee field investment	98,322,635	88,234,378	98,322,635	88,234,378
Jubilee Oil Holding Limited	220,385,193	181,239,331	-	-
Right of use – FPSO TEN	31,632,733	38,327,376	31,632,733	38,327,376
Right of use – FPSO SGN	24,000,525	28,012,554	24,000,525	28,012,554
TEN Projects	215,487,473	224,681,728	215,487,473	224,681,728
SGN Projects	139,915,371	158,969,944	139,915,371	158,969,944
	729,743,930	719,465,311	509,358,737	538,225,980

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	
	2022	2021	2022	2021
	US\$	US\$	US\$	US\$
At 1 January	1,093,673,836	892,873,803	912,434,505	892,873,803
Cash call Addition (Jubilee)	19,192,113	13,531,067	19,192,113	13,531,067
Cash call Addition (JOHL)	80,273,646	181,239,331	-	-
Cash call Additions (TEN)	18,936,667	5,157,743	18,936,667	5,157,743
Cash calls Addition (SGN)	449,147	871,892	449,147	871,892
Additions for the year	118,851,573	200,800,033	38,577,927	19,560,702
At 31 December	1,212,525,409	1,093,673,836	951,012,432	912,434,505
Amortization				
At 1 January	374,208,524	314,269,553	374,208,524	314,269,553
Jubilee	9,103,856	8,226,665	9,103,856	8,226,665
Right of use – FPSO TEN	6,694,643	5,102,734	6,694,643	5,102,734
Right of use – FPSO OCTP	4,012,029	4,649,275	4,012,029	4,649,275
TEN	28,130,923	18,613,189	28,130,923	18,613,189
JOHL Producing Assets	41,127,784	-	-	-
Sankofa Gye Nyame (SGN)	19,503,719	23,347,109	19,503,719	23,347,109
Depreciation charge for the year	108,572,955	59,938,972	67,445,170	59,938,972
At 31 December	482,781,479	374,208,525	441,653,695	374,208,525
Net book value				
At 31 December	729,743,930	719,465,311	509,358,737	538,225,980

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16 Non-current financial assets

Long term investments

	Group		GNPC	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Deposits with banks	-	-	-	-
Interest accrued	2,821,402	2,821,402	-	-
Impairment (Note 23.2)	(2,821,402)	(2,821,402)	-	-
	-	-	-	-

17 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	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Government of Ghana	23,217,406	23,217,406	23,217,406	23,217,406
Ministry of Finance	5,579,212	55,579,212	5,579,212	55,579,212
Tema Oil Refinery Ghana National Gas Company Limited	58,404,875	58,404,875	58,404,875	58,404,875
Ministry of Energy Current Account	-	3,532,479	-	3,532,479
GEMCORP/BOST Loan	90,713,947	203,933,050	90,713,947	203,933,050
Volta River Authority	60,574,483	58,157,885	60,574,483	58,157,885
	313,030,629	478,770,818	313,030,629	478,770,818
Less: Impairments (17.1)	(181,139,423)	(209,988,459)	(181,139,423)	(209,988,459)
As at 31 December	131,891,206	268,782,359	131,891,206	268,782,359

17.1 Details of Impairments

	Group		Corporation	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Balance at 1 Jan	209,988,459	212,616,349	209,988,459	212,616,349
Loan to Ministry of Finance set off	(50,000,000)	-	(50,000,000)	-
Impairments/(write back) during the year	21,150,964	(2,627,890)	21,150,964	(2,627,890)
Balance at 31 December	181,139,423	209,988,459	181,139,423	209,988,459

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18. Investment in subsidiaries

	Corporation	
	2022	2021
	US\$	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	164,798,691
	165,617,316	165,617,316
Less impairments	-	-
	165,617,316	165,617,316

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			2022	2021
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%	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	
		2022	2021
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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18 Investment in subsidiaries (continued)

a. Mole Motel Limited

Statement of financial position	2022 US\$	2021 US\$
Current assets	59,891	26,170
Non-current assets	214,452	308,231
Total assets	274,343	334,401
Current liabilities	74,846	56,596
Non-current liabilities	129,763	182,459
Equity attributable to owners of the Company	69,734	95,346
Total equity and liabilities	274,343	334,401

Statement of profit or loss and other comprehensive income	2022 US\$	2021 US\$
Revenue	382,590	256,813
Cost of sales	(63,054)	(37,152)
Other income	1,447	203
General and administrative expenses	(312,885)	(262,360)
Tax (expense)/credit	(6,535)	9,229
Profit/(loss) for the year	1,563	(33,267)
Profit/(loss) attributable to owners of the company	938	(13,307)
Profit/(loss) attributable to the non-controlling interests	625	(19,960)
Profit/(loss) for the year	1,563	(33,267)
Other comprehensive income for the year	(12,923)	37,866
Total comprehensive income for the year	(11,360)	4,599
Total comprehensive income attributable to owners of the company	(6,816)	2,759
Total comprehensive income attributable to the non-controlling interests	(4,544)	1,840
	(11,360)	4,599

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18 Investment in subsidiaries (continued)

b. Prestea Sankofa Gold Limited

Statement of financial position	2022	2021
	US\$	US\$
Non-current assets	2,954,661	3,795,259
Current assets	5,617,754	3,095,882
Total assets	8,572,415	6,891,141
Liabilities		
Current liabilities	17,547,210	25,041,710
Non-current liabilities	24,155,215	23,654,985
Equity attributable to owners of the Company	(33,130,012)	(41,805,554)
Total equity and liabilities	8,572,413	6,891,141
Statement of profit or loss and other comprehensive income	2022	2021
	US\$	US\$
Revenue	18,537,690	4,808,271
Cost of sales	(14,089,756)	(4,618,841)
Other income	-	18,939
Expenses	(24,464,850)	(2,417,023)
Loss for the year	(20,016,915)	(2,208,654)
Loss attributable to owners of the Company	(18,015,224)	(2,158,276)
Loss attributable to the non-controlling interests	(2,001,692)	(239,808)
Loss for the year	(20,016,915)	(2,398,084)
Other comprehensive income for the year	6,264,837	-
Total comprehensive income for the year	(13,752,078)	(2,398,084)
Total comprehensive income attributable to owners of the Company	(12,376,870)	(2,158,276)
Total comprehensive income attributable to non-controlling interests	(1,375,208)	(239,808)

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18 Investment in subsidiaries (continued)

c. GNPC Exploration and Production Company Limited

Statement of financial position

	2022 US\$	2021 US\$
Non-current assets	20,492,052	14,945,730
Current assets	11,559	11,559
Total assets	20,503,611	14,957,289
Liabilities		
Current liabilities	6,352,829	809,004
Non-current liabilities	15,608,545	15,565,950
Equity attributable to owners of the Company	(1,457,762)	(1,417,665)
Total equity and liabilities	20,503,612	14,957,289

Statement of profit or loss and other comprehensive income

	2022 US\$	2021 US\$
Revenue	-	-
General administrative costs	(20,097)	(16,581)
Loss for the year	(20,097)	(16,581)
Other comprehensive income for the year	-	-
	(20,097)	(16,581)
Total comprehensive income attributable to owners of the Company	(20,097)	(16,581)
Total comprehensive income attributable to the non-controlling interests	-	-
Total comprehensive income for the year	(20,097)	(16,581)

d. Jubilee Oil Holding Limited

Statement of profit or loss and other comprehensive income

	2022 US\$	2021 US\$
Revenue	273,013,605	52,439,749
Cost of sales	(43,982,095)	(22,835,963)
Expenses	(88,364,925)	(16,211,413)
Profit for the year	140,666,585	13,392,373
Profit attributable to owners of the Company	140,666,585	13,392,373
Loss attributable to the non-controlling interests	-	-

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18. Investment in subsidiaries (continued)

d. Jubilee Oil Holding Limited

Statement of financial position	2022 US\$	2021 US\$
Non-current assets	220,385,193	181,239,331
Current assets	207,301,876	19,027,020
Total assets	427,687,069	200,266,351
Liabilities		
Current liabilities	105,890,652	-
Non-current liabilities	-	22,075,287
Equity attributable to owners of the Company	321,796,417	178,191,064
Total equity and liabilities	427,687,069	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 6.05% 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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19 Investment in associates and joint ventures

	Group		Corporation	
	2022	2021	2022	2021
	US\$	US\$	US\$	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	
	2022	2021	2021	2021
	US\$	US\$	US\$	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	
			2022	2021
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.

20 Inventories

	Group		Corporation	
	2022	2021	2022	2021
	US\$	US\$	US\$	US\$
Non-trade stock	1,077,534	481,999	43,463	173,588
Fuel coupon	-	13,833	-	13,833
	1,077,534	495,832	43,463	187,421

There were no provisions held as at year end (2021: nil).

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21 Due from related parties

This represents the advances due from related parties:

	Group		Corporation	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Saltpond Offshore Producing Company Limited	6,933,096	6,933,096	7,083,354	6,933,095
Prestea Sankofa	6,159,739	6,159,739	24,263,871	23,562,277
Mole Motel Limited	-	-	221,662	221,662
Technip Limited	22,164	22,164	37,184	22,164
GNPC Exploration and Production Company Limited	-	-	15,559,846	15,559,846
Jubilee Oil Holding Limited	-	-	-	(1,597,935)
Less: impairments	(13,114,999)	(13,114,999)	(13,114,999)	(13,114,999)
	-	-	34,050,918	31,586,110

22 Trade and other receivables

	Group		Corporation	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Trade debtors - trade marketing	146,784,285	48,051,416	146,784,285	48,051,416
Share of Crude Proceeds from Government of Ghana	218,164,990	253,544,736	218,164,990	253,544,736
Other debtors-foreign	94,160,438	66,902,415	94,148,880	66,890,855
Accrued interest income	-	2,821,402	-	2,821,402
Other debtors-local	9,364,707	20,114,905	61,674	60,658
Staff debtors	6,912,711	5,981,570	6,912,711	5,981,570
Input VAT	860,193	860,193	860,193	860,193
Tax credits	567,045	567,045	567,045	567,045
	476,814,369	398,843,682	467,499,778	378,777,875
Less: Provision for impairment (Note 23.1)	(206,293,449)	(218,934,694)	(206,293,449)	(218,934,694)
	270,520,920	179,908,988	261,206,329	159,843,181

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

22.1 Provision for impairment

	Group		Corporation	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Balance at 1 January	218,934,694	195,822,559	218,934,694	195,822,559
Write back of impairment charge during the year	(12,641,245)	23,112,135	(12,641,245)	23,112,135
Balance at 31 December	206,293,449	218,934,694	206,293,449	218,934,694

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23 Prepayments

	Group		Corporation	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Advances under Take or Pay Agreement	250,075,715	295,933,183	250,075,715	295,933,183
Payments for condensates	64,292,831	76,017,143	64,292,831	76,017,143
Government of Ghana Clearing - Cash Waterfall Mechanism (CWM) /National Gas Clearing (NGC)	18,218,616	567,744,200	18,218,616	567,744,200
Other prepayments	3,933,940	1,177,943	3,933,940	1,177,943
	336,521,102	940,872,469	336,521,102	940,872,469

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.

24 Cash and bank balances

	Group		Corporation	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Bank	82,314,282	19,999,176	81,276,434	19,815,738
Cash	168,585	120,626	166,669	118,826
	82,482,867	20,119,802	81,443,103	19,934,564

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

	Group		Corporation	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Bank	82,314,282	19,999,176	81,276,434	19,815,738
Cash	168,585	120,626	166,669	118,826
	82,482,867	20,119,802	81,443,103	19,934,564

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25 Stated capital

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

26 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. Details of the movement in the Fund is shown in the statement of changes in equity.

27 Petroleum Project Fund

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

28 Revaluation reserves

	Group		Corporation	
	2022	2021	2022	2021
	US\$	US\$	US\$	US\$
Land Revaluation	15,078,354	-	15,078,354	-
Building Revaluation	6,202,507	-	6,202,507	-
Plant & Machinery	213,812	-	-	-
	21,494,673	-	21,280,861	-

The Corporation revalued its land and building as part of property, plant and equipment, in line with IAS 16.51.

29 Training and Technology Fund

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

	Group		Corporation	
	2022	2021	2022	2021
	US\$	US\$	US\$	US\$
Balance at 1 January	46,617,060	42,402,851	46,617,060	42,402,851
Additions	4,214,207	8,100,000	4,214,207	8,100,000
Transfer to profit or loss	(6,075,008)	(3,885,791)	(6,075,008)	(3,885,791)
Balance at 31 December	44,756,259	46,617,060	44,756,259	46,617,060

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30 Medium term loans

	Group		Corporation	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Ministry of Finance – Jubilee Oil Holding Limited loan	40,704,511	164,798,691	40,704,511	164,798,691
Term Loan - LITASCO	90,713,947	203,933,050	90,713,947	203,933,050
Jubilee Oil Holding Limited	-	-	201,602,653	-
Government of Ghana advance for OCTP (SGN) Gas	489,048,221	923,701,572	489,048,221	923,701,572
Bank loan	24,112,718	29,056,490	23,519,779	28,963,732
	644,579,397	1,321,489,803	845,589,111	1,321,397,045

The movements in the medium term loans are:	Group		Corporation	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Balance at 1 January	1,321,489,803	584,232,325	1,321,397,045	597,250,845
Additions: Principal	13,472,659	752,257,478	13,050,169	739,146,200
Additions: Interest	10,547,209	6,574,129	10,469,610	6,574,129
Repayment: Principal	(690,383,065)	(15,000,000)	(488,858,103)	(15,000,000)
Repayment: Interest	(10,547,209)	(6,574,129)	(10,469,610)	(6,574,129)
Balance at 31 December	644,597,397	1,321,489,803	845,589,111	1,321,397,045

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 end of 2022, an amount of US\$128,010,790 had been repaid to the Ministry of Finance.

Term loan - LITASCO

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. As the end of the year the balance on the loan is US\$ 90,713,947.

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.

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30 Medium term loans - continued

Bank loan

GNPC took a US\$ 25 million facility from Societe Generale Ghana to finance the operational Head Office located in Takoradi and the Research Centre located in Accra. At the end of the year, a total an amount of US\$ 23,519,779 had been drawn down on the facility. It is a 24 month facility 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.

31 Employee benefit obligation (Group & Corporation)

The movement in the defined benefit obligation is as follows:

	2022 US\$	2021 US\$
Balance at 1 January	2,633,074	2,234,647
Service cost	229,786	162,318
Interest cost	416,710	317,221
Actuarial gain	921,755	512,848
Exchange loss	(1,344,125)	(509,332)
Benefit payments	(366,399)	(84,626)
Balance at 31 December	2,490,801	2,633,074

31.1 Employee benefit expense recognised in profit or loss

	2022 US\$	2021 US\$
Service cost	229,786	162,318
Interest cost	416,710	317,221
	646,496	479,539

31.2 Remeasurement gains in profit or loss

	2022 US\$	2021 US\$
Actuarial gain	921,755	512,848

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.

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31.3 Employee benefit obligation - continued

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 2021. No assumption was made explicitly for morbidity aging factors. Starting Per capita health care cost is GHS5,000, representing an increase from the prior year of GHS3,900.

Discount rate

A rate of 20% (20-year Government of Ghana Bond, issued on 26th August, 2019) 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.

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	2019	2020	2021	2022+
Annual Rate (%)	20%	20%	25%	30%

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32 Trade and other payables

	Group		Corporation	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Trade & Other Creditors	241,801,819	281,778,126	202,826,933	252,870,864
Lease Liability – FPSO & Building	86,500,158	95,857,096	86,500,158	95,857,096
Local creditors	14,251,762	9,844,771	7,898,347	3,980,762
Staff creditors	5,596,940	4,295,167	5,596,940	4,295,167
TEN Partner Financing (Note 32.1)	87,219,337	116,728,276	87,219,337	116,728,276
SGM Partner financing (Note 32.1)	6,589,777	7,637,964	6,589,777	7,637,964
Jubilee Partner Financing (Note 32.1)	43,521,174	51,687,643	43,521,174	51,687,643
	485,480,967	567,829,043	440,152,666	533,057,772

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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Notes to the consolidated financial statements For the year ended 31 December 2022

33 Financial risk management objectives and policies (continued)

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

	2022 US\$	2021 US\$
Exchange rate US\$ / GHS	8.5803	6.0091

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>	2022 US\$	2021 US\$
Past due up to 30 days	27,052,092	18,686,244
Past due 31-60 days	135,260,460	93,431,222
Past due 61-90 days	48,693,766	33,635,240
Past due 91-120 days	8,115,628	5,605,873
Past due more than 120 days	51,398,975	35,503,864

Corporation

<i>Amount past due but not impaired</i>	2022 US\$	2021 US\$
Past due up to 30 days	26,120,633	18,684,316
Past due 31-60 days	130,603,165	93,421,579
Past due 61-90 days	47,017,139	33,631,768
Past due 91-120 days	7,836,190	5,605,295
Past due more than 120 days	49,629,203	35,500,200

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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For the year ended 31 December 2022

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 2022

	Less than 1 year US\$	More than 1 year US\$	Total US\$
Interest-bearing loans and borrowings	50,733,963	64,092,702	114,826,665
Trade and other payables	221,982,737	243,057,539	465,040,276
	272,716,700	307,150,241	579,866,941

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	251,935,730	292,479,050	544,414,780
	342,079,377	435,232,185	777,311,562

Corporation

As at December 2022

	Less than 1 year US\$	More than 1 year US\$	Total US\$
Interest-bearing loans and borrowings	191,855,820	123,980,559	315,836,379
Trade and other payables	200,027,930	236,704,124	436,732,054
	391,883,750	360,684,683	752,568,433

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	251,935,730	279,646,172	531,581,902
	342,079,377	422,399,307	764,478,684

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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	
			2022	2021
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%	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	Amount due from	
	2022	2021
	US\$	US\$
Prestea Sankofa Gold Limited	24,263,871	23,562,277
GNPC Exploration and Production Co. Ltd	15,559,846	15,559,846
Mole Motel Limited	221,662	221,662
GNPC Technip Limited	37,184	22,164
Saltpond Offshore Producing Company Limited	7,083,354	6,933,095
	47,165,917	46,299,044

Ghana National Petroleum Corporation

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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	2022	Amount
			2022 US\$
GNPC Exploration and Production Co. Ltd	Advances and payments of cash calls	-	3,861,487
Airtel Ghana Limited	Telecom services	44,632	77,637
Prestea Sankofa Gold Limited	Advances and payment of expenses	701,594	3,648,367
Saltpond Offshore Producing Company Ltd	Advances and payment of expenses	150,259	578,097
		896,485	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 2022, impairment of receivables relating to amounts owed by related parties was US\$16,164,367 (2021:US\$16,164,367).

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

	2022 US\$	2021 US\$
Short term benefits	3,732,791	3,209,904

Directors' remuneration

	2022 US\$	2021 US\$
Board fees	247,669	257,171
Other board expense	905,324	451,865
	1,152,993	709,036

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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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 2022 executed its CSI projects through the Sustainability Department and GNPC Foundation. The total amount spent for the year was US\$22,045,979, (2021:US\$ 34,089,227) and disbursed as follows:

Key activities undertaken included:

- Construction of Walewale Government hospital.
- Construction of Institute of Law and Governance at University of Cape Coast (UCC).
- Refurbishment of Kumasi Royal Golf Club House
- Okyeman Afforestation project at Banso
- GNPC adhoc sponsorship requests.
- Continued sponsorship of 1,894 students consisting of local 1887 and 17 international scholarships to undertake graduate level studies. The scholarship covers full tuition and boarding.
- Continued support for 200 medical students studying in Cuba
- Continued certification and support for the training of 543 skilled artisans
- Continued support for the completion of 2020 and 2021 project.

41 Events after the reporting period

There have been no events after the reporting date that would require a disclosure or adjustment to these financial statements.