Financial Report
2016

GNPC Ghana National Petroleum Corporation

GHANA NATIONAL PETROLEUM CORPORATION (GNPC)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2016

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CORPORATE INFORMATION
31 DECEMBER 2016

BOARD OF DIRECTORS	Mr Felix Addo	Chairman
	Mr Alexander K. M. Mould	Ag Chief Executive
	Awulae Attibrukusu III	Member
	Mrs. Anita Lokko	Member
	Mr. Worlanyo Amoa	Member
	Mr. Abraham Amaliba	Member
	Mr Kyeretwie Opoku	Member
SECRETARY	Mrs. Adwoa Wiafe	
BUSINESS ADDRESS	Petroleum House, Tema	
POSTAL ADDRESS	Private Mail Bag, Tema	
EXTERNAL AUDITORS	Ernst & Young Chartered Accountants G15 White Avenue Airport Residential Area P O Box KA 16009 Airport - Accra	State Enterprises Audit Corporation 4th Floor, Republic House Kwame Nkrumah Avenue P.O. Box M 198 Accra
BANKERS	National Investment Bank Limited Bank of Ghana Ghana Commercial Bank Limited Ecobank Ghana Limited Ghana International Bank Plc – London	

REPORT OF THE DIRECTORS (CONTINUED)
31 DECEMBER 2016

The Directors have the pleasure of presenting this annual report to the members of the Corporation for the year ended 31 December 2016.

1. Principal activities

The objects of the corporation are to promote and undertake the exploration, development, production and disposal of petroleum.

2. Statement of directors' responsibilities

The Companies Act, 1963 (Act 179) requires the directors to prepare consolidated financial statements for each financial period, which give a true and fair view of the state of affairs of the Corporation and of the profit or loss for that period.

In preparing the consolidated financial statements, the Directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgment and estimates have been made in the preparation of the consolidated financial statements for the year ended 31 December 2016. The directors confirm that the consolidated financial statements have been prepared on a going concern basis.

The directors are responsible for ensuring that the Corporation keeps accounting records which disclose with reasonable accuracy the financial position of the Corporation and which enable them to ensure that the consolidated financial statements comply with the Companies Act, 1963 (Act 179). They are also responsible for safeguarding the assets of the Corporation and hence for taking steps for the prevention and detection of fraud and other irregularities. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

3. Directors in office

The directors in office at the time of signing these financial statements are:

Mr. Freddie Blay	Chairman (appointed 3 May 2017)
Dr. K.K Sarpong	Chief Executive (24 January 2017)
Mr. Kwabena Kwakye	Member (appointed 3 May 2017)
Prof. J. S. Nabila	Member (appointed 3 May 2017)
Mr. Yaw Kyei	Member (appointed 3 May 2017)
Nana Adjoa Hackman	Member (appointed 3 May 2017)
Ogyeahohoo Yaw Gyebi	Member (appointed 3 May 2017)
Ms. Matilda Ohene	Secretary (appointed 3 May 2017)

On behalf of the Board:

Director: Director:

Date: 31 · 10 · 2017 Date: 31st October 2017

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
GHANA NATIONAL PETROLEUM CORPORATION

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ghana National Petroleum Corporation and its subsidiaries (together, the Group) set out on pages 6 to 63, which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ghana National Petroleum Corporation (GNPC) and its subsidiaries as at 31 December 2016, and its financial performance and 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 Ghana Companies Act, 1963 (Act 179).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (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 (GNPC) and its subsidiaries. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act, 1963 (Act 179). The other information does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated 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 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.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated 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 Ghana Companies Act, 1963 (Act 179), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

The Ghana Companies Act, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
ii. In our opinion proper books of account have been kept by the Group, so far as appears from our examination of those books; and
iii. The balance sheet (statement of financial position) and the profit and loss account (the profit or loss section of the statement of profit or loss and other comprehensive income) of the Group are in agreement with the books of accounts.

Ernst + Young

Signed by Victor Gborglah (ICAG/P/1151)

For and on behalf of Ernst & Young
(ICAG/F/2017/126)
Chartered Accountants
Accra, Ghana

Date: 31 October 2017

Signed by Boniface Senahia (ICAG/P/1394)
For and on behalf of State Enterprise Audit Corporation
Chartered Accountants
Accra, Ghana

Date: 31 Oct 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

		Group		GNPC	
	Notes	**2016**	2015	**2016**	2015
		GH¢	GH¢	**GH¢**	GH¢
Revenue	5	**509,829,979**	543,711,866	**507,860,553**	483,630,666
Cost of sales	6	**(301,473,792)**	(306,461,947)	**(301,207,024)**	(253,100,163)
Gross profit		**208,356,187**	237,249,919	**206,653,529**	230,530,503
Other operating income	7	**111,318,908**	124,732,412	**111,281,042**	124,447,586
General & administrative expenses	8	**(380,248,946)**	(257,216,428)	**(339,020,068)**	(233,292,399)
Other operating expense	9	**(24,286,932)**	(55,800,439)	**(24,286,932)**	(56,362,319)
Results from operations		**(84,860,783)**	48,965,464	**(45,372,429)**	65,323,371
Finance Cost	11	**(7,956,973)**	(6,480,923)	**-**	-
Share of loss of associate	20a	**(3,965,831)**	(54,843)	**-**	-
Share of profit/(loss) of joint venture	20b	**(39,628)**	2,025,416	**-**	-
(Loss)/ Profit before tax		**(96,823,215)**	44,455,114	**(45,372,429)**	65,323,371
Income tax expense	12	**(41,494)**	(79,107)	**-**	-
(Loss)/ Profit after tax		**(96,864,709)**	44,376,007	**(45,372,429)**	65,323,371
Other comprehensive income for the year					
Items that will not be reclassified subsequently to profit or loss:					
Translations differences		**214,672,266**	313,828,723	**214,109,745**	313,828,723
Remeasurement of defined benefit obligation	30.2	**134,369**	(210,000)	**134,369**	(210,000)
Other comprehensive income for the year, net of tax		**214,806,635**	313,618,723	**214,244,114**	313,618,723
Total comprehensive income for the year, net of tax		**117,941,926**	357,994,730	**168,871,685**	378,942,094
(Loss)/ Profit for the year attributable to:					
Owners of the Corporation		**(92,827,461)**	46,717,738	**(45,372,429)**	65,323,371
Non-controlling Interests		**(4,037,248)**	(2,341,731)	**-**	-
		(96,864,709)	44,376,007	**(45,372,429)**	65,323,371
Total comprehensive income attributable to:					
Owners of the Corporation		**121,979,174**	360,336,461	**168,871,685**	378,942,094
Non-controlling interests		**(4,037,248)**	(2,341,731)	**-**	-
		117,941,926	357,994,730	**168,871,685**	378,942,094

The notes 1 to 42 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

		Group		GNPC	
Assets	**Notes**	**2016**	2015	**2016**	2015
Non-current assets		**GH¢**	GH¢	**GH¢**	GH¢
Property, plant & equipment	13	**68,722,518**	53,050,541	**66,999,846**	40,200,527
Intangible assets	14	**22,060,747**	2,048,618	**22,060,747**	2,048,618
Exploration assets	15	**19,653,867**	20,548,696	**-**	-
Petroleum projects	16	**1,973,446,187**	1,205,171,086	**1,973,446,187**	1,205,171,086
Investment in subsidiaries	19	**-**	-	**186,620**	3,531,250
Investment in associate and Joint Venture	20	**3,200,347**	7,205,807	**4,533,266**	4,533,266
Due from government agencies	18	**794,631,538**	710,958,143	**794,631,538**	710,958,143
Held to maturity financial assets	17	**572,318,318**	536,076,401	**572,318,318**	536,076,401
Total non-current assets		**3,454,033,522**	2,535,059,292	**3,434,176,522**	2,502,519,291
Current assets					
Inventories	21	**1,126,807**	5,983,044	**1,078,731**	868,851
Due from related parties	22	**-**	-	**22,028,175**	9,836,452
Trade & other receivables	23	**469,721,120**	235,642,647	**469,586,720**	226,193,935
Held to maturity financial assets	17	**50,427,600**	229,728,286	**50,427,600**	229,728,286
Cash & bank balances	24	**116,957,861**	15,663,335	**116,623,019**	14,878,720
Total current assets		**638,233,388**	487,017,312	**659,744,245**	481,506,244
Total assets		**4,092,266,910**	3,022,076,604	**4,093,920,767**	2,984,025,535

The notes 1 to 42 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2016

		Group		GNPC	
Equity and Liabilities	**Notes**	**2016**	2015	**2016**	2015
Equity		**GH¢**	GH¢	**GH¢**	GH¢
Stated capital	25	**7,208,020**	7,208,020	**7,208,020**	7,208,020
Petroleum equity fund	26	**240,334,791**	258,567,210	**240,334,791**	258,567,210
Petroleum project fund	27	**598,538,070**	670,506,808	**598,538,070**	670,506,808
Retained earnings		**300,395,883**	302,887,818	**377,617,175**	332,654,078
Translation reserve		**1,073,509,140**	858,836,874	**1,072,946,619**	858,836,874
Equity attributable to equity holders of the parent		**2,219,985,904**	2,098,006,730	**2,296,644,675**	2,127,772,990
Non-controlling interests	19.1	**(7,345,954)**	(3,308,706)	**-**	-
Total equity		**2,212,639,950**	2,094,698,024	**2,296,644,675**	2,127,772,990
Non-current liabilities					
Training & technology fund	28	**181,152,708**	157,321,851	**181,152,708**	157,321,851
Medium term loan	29	**1,407,660,506**	661,581,058	**1,375,832,614**	629,753,166
Employee benefits obligation	30	**1,886,508**	1,294,387	**1,886,508**	1,294,387
Total non-current liabilities		**1,590,699,722**	820,197,296	**1,558,871,830**	788,369,404
Current liabilities					
Trade & other payables	31	**288,845,625**	107,141,165	**238,404,262**	67,883,141
Corporate tax liabilities	12	**81,613**	40,119	**-**	-
Total current liabilities		**288,927,238**	107,181,284	**238,404,262**	67,883,141
Total liabilities		**1,879,626,960**	927,378,580	**1,797,276,092**	856,252,545
Total equity and liabilities		**4,092,266,910**	3,022,076,604	**4,093,920,767**	2,984,025,535

Director: Director:

Date: 31.10.2017 Date: 31st October 2017

The notes 1 to 42 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

Group

	Stated capital GH¢	Petroleum equity fund GH¢	Petroleum project fund GH¢	Retained earnings GH¢	Exchange Translation reserve	Non-controlling interest GH¢	Total equity GH¢
Balance at 1 Jan 2016	**7,208,020**	**258,567,210**	**670,506,808**	**302,887,818**	**858,836,874**	**(3,308,706)**	**2,094,698,024**
Profit for the year	-	-	-	(92,827,461)	-	(4,037,248)	(96,864,709)
Other comprehensive income	-	-	-	134,369	214,672,266	-	214,806,635
Transfer to retained earnings	-	(18,232,419)	(71,968,738)	90,201,157	-	-	-
Balance at 31 Dec 2016	7,208,020	240,334,791	598,538,070	300,395,883	1,073,509,140	(7,345,954)	2,212,639,950
As at 1 Jan 2015	**7,208,020**	**266,046,283**	**653,582,766**	**265,825,049**	**545,008,151**	**(966,975)**	**1,736,703,294**
Profit for the year	-	-	-	46,717,738	-	(2,341,731)	44,376,007
Other comprehensive income	-	-	-	(210,000)	313,828,723	-	313,618,723
Transfer from retained earnings	-	(7,479,073)	16,924,042	(9,444,969)	-	-	-
Restated balance at 31 Dec 2015	**7,208,020**	**258,567,210**	**670,506,808**	**302,887,818**	**858,836,874**	**(3,308,706)**	**2,094,698,024**

The notes 1 to 42 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

GNPC

	Stated capital GH¢	Petroleum equity fund GH¢	Petroleum project fund GH¢	Retained earnings GH¢	Foreign exchange translation reserve	Total GH¢
Balance at 1 January 2016	**7,208,020**	**258,567,210**	**670,506,808**	**332,654,078**	**858,836,874**	**2,127,772,990**
Profit for the year				(45,372,429)	-	(45,372,429)
Other comprehensive income				134,369	214,109,745	214,244,114
Transfer to retained earnings	-	(18,232,419)	(71,968,738)	90,201,157	-	-
Balance at 31 December 2016	**7,208,020**	**240,334,791**	**598,538,070**	**377,617,175**	**1,072,946,619**	**2,296,644,675**
Balance at 1 January 2015	7,208,020	266,046,283	653,582,766	276,985,676	545,008,151	1,748,830,896
profit for the year	-	-	-	65,323,371	-	65,323,371
Other comprehensive income	-	-	-	(210,000)	313,828,723	313,618,723
Transfer from retained earnings	-	(7,479,073)	16,924,042	(9,444,969)	-	-
Balance at 31 December 2015	**7,208,020**	**258,567,210**	**670,506,808**	**332,654,078**	**858,836,874**	**2,127,772,990**

The notes 1 to 42 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Group 2016 GH¢	Group 2015 GH¢	GNPC 2016 GH¢	GNPC 2015 GH¢
Cash flows from operating activities					
Profit before tax		**(96,823,215)**	44,455,114	**(45,372,429)**	65,323,371
Adjustments for:					
Depreciation charge	13	**5,166,889**	6,469,927	**4,922,375**	4,198,098
Amortisation of intangible assets	14	**7,990,386**	996,981	**7,990,386**	996,981
Petroleum project cost amortisation	16.1	**43,630,285**	46,422,860	**43,630,285**	46,422,860
Net foreign exchange differences		**212,892,410**	188,973,125	**213,289,719**	188,973,125
Provisions and accruals		**7,255,482**	5,607,320	**7,255,482**	5,397,320
Profit on disposal of fixed assets	**13.1**	**(191,599)**	(61,644)	**(191,599)**	(61,644)
Share of (profit)/loss in joint venture	**20b**	**39,628**	(2,025,416)	**-**	-
Impairment of investment in joint venture		**-**	644,210	**-**	1,206,090
Impairment of subsidiary assets –(PSG)		**39,966,764**	-	**-**	-
Impairment of subsidiary investment		**-**	-	**3,344,630**	-
Share of loss in associates	**20a**	**3,965,831**	54,843	**-**	
Finance income	**7**	**(38,944,862)**	(55,697,965)	**(38,944,862)**	(55,697,965)
Finance costs	**11**	**7,956,973**	6,480,923	**-**	
Working capital adjustments:					
(Increase) in amount due from government & its agencies		**(83,673,395)**	(168,600,198)	**(83,673,395)**	(168,600,198)
Decrease/(Increase) in stocks		**(219,755)**	36,325,498	**(209,880)**	37,368,574
Decrease/(Increase) in amount due from related party		**-**	19,490,714	**(11,854,290)**	14,454,195
Decrease /(increase in debtors		**(256,285,099)**	70,515,805	**(256,221,576)**	68,342,948
(Decrease)/Increase in creditors		**166,210,088**	(225,934,918)	**164,178,002**	(234,771,961)
Deferred income		**(185,871)**	(138,394)	**(185,871)**	(138,394)
		18,750,940	(26,021,215)	**7,956,977**	(26,586,600)
Interest paid		**-**	(6,480,923)	**-**	-
Income taxes paid		**-**	(42,554)	**-**	-
Net cash generated from (used in) operating activities		**18,750,940**	(32,544,692)	**7,956,977**	(26,586,600)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Group 2016 GH¢	Group 2015 GH¢	GNPC 2016 GH¢	GNPC 2015 GH¢
Cash flows from operating activities					
Net cash generated from (used in) operating activities		**18,750,940**	(32,544,692)	**7,956,977**	(26,586,600)
Cash flows from investing activities					
Proceeds from sale of fixed assets		**191,599**	73,100	**191,599**	73,100
Purchase of property, plant & equipment	**13**	**(27,270,200)**	(29,513,386)	**(26,431,635)**	(25,312,710)
Purchase of intangible assets	**14**	**(26,510,201)**	(497,428)	**(26,510,201)**	(497,428)
Additions to petroleum projects	**16**	**(54,875,704)**	(52,692,316)	**(54,875,704)**	(52,692,316)
Exploration expenditure	**15**	**(10,405,171)**	(5,457,606)	**-**	-
Held to maturity financial assets		**125,142,169**	54,861,271	**125,142,169**	54,861,271
Interest received		**51,773,653**	33,236,418	**51,773,653**	33,236,418
Net cash from (used in) investing activities		**58,046,145**	10,053	**69,289,881**	9,668,335
Cash flows from financing activities					
Proceeds from medium term loan		**-**	20,028,540	**-**	-
Training & technology grant		**6,580,841**	24,213,564	**6,580,841**	24,213,564
Net cash generated by financing activities		**6,580,841**	44,242,104	**6,580,841**	24,213,564
Net increase/ (decrease) in cash and cash equivalents		**83,377,926**	11,707,465	**83,827,699**	7,295,299
Cash & cash equivalents at the beginning of the year		**83,461,623**	71,754,158	**83,222,920**	75,927,621
Cash & cash equivalents at the end of the year	**24**	**166,839,549**	83,461,623	**167,050,619**	83,222,920

The notes 1 to 42 form an integral part of these financial statements

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.

The principal activities of the corporation are exploration, development, production and disposal of petroleum.

2 NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

Certain standards and amendments became effective for annual periods beginning on or after 1 January 2016. The nature and the impact of these standards and amendments are described below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and amendments applied for the first time in 2016, they did not have a material impact on the annual consolidated financial statements of the Group.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements.
Since the Group is an existing IFRS preparer, this standard does not apply.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 Business Combinations principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are applied prospectively. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

2. NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS (CONTINUED)

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively and do not have any impact on the Group, given that it has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41 Agriculture. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are applied retrospectively and do not have any impact on the Group as it does not have any bearer plants.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements have to apply that change retrospectively.
These amendments do not have any impact on the Group's financial statements.

Annual Improvements 2012-2014 Cycle

These improvements include:
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations Assets (or disposal groups) are generally disposed of either through sale or distribution to the owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment is applied prospectively and do have any impact to the Group's financial statements

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts
The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures need not be provided for any period beginning before the annual period in which the entity first applies the amendments.

2. NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS (CONTINUED)

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements
The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment is applied retrospectively.

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied prospectively.

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment is applied retrospectively and do not have any impact on the Group.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated.
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments do not have any impact on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments are applied retrospectively and do not have any impact on the Group.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

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

3.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Corporation 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 entity 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.

3 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and entities (including structured entities) controlled by the GNPC 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.

GNPC 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.

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

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

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

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

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

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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 measure at cost in the corporation's separate financial statements.

3.4.3. Investments in associates

An associate is an entity over which the Group 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. 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4.3. Investments in associates (continued)

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 measure at cost in the corporation's separate financial statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Foreign currencies

The Group's consolidated financial statements are presented in Ghana Cedis, which is different from the Corporation's functional currency being US Dollars. 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 Ghana cedi due to local requirements.

Presentation currency other than the functional currency
In presenting the Group's financial statements in Ghana Cedis, the Corporation translates its results and financial position from its functional currency into the presentation currency. Exchange difference on this translation is recorded in equity as translation difference.

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 income statement 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 Corporation 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 Corporation 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 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 involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

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

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

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

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

(b) Development costs

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

3.9 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, but exclude any restricted cash. Restricted cash is not available for use by the Corporation and 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Initial recognition

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

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

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

Depreciation/amortisation

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

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

Leasehold land & buildings	2-7%
Furniture & fittings	10-30%
Office & bungalow equipment	20%
Motor vehicles	25%
Other machinery & equipment	5%
Oil and gas assets	Units of production (UOP)

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 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.

3.8 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3.10 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 financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity investments, available-for-sale (AFS) financial assets, or derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets in a timeframe established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date at which the Corporation commits to purchase or sell the asset.

The Corporation’s financial assets include cash and cash equivalents, trade and other receivables and short term investments.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent measurement

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

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments;
- AFS financial investments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. 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, as defined by IAS 39. 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 presented as finance costs (negative changes in fair value) or finance revenue (positive net changes in fair value) in the statement of profit or loss and other comprehensive income. The Corporation has not designated any financial assets at fair value through profit or loss.

Loans and receivables

This category is the most relevant to the Corporation. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. 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 effective interest rate. The effective interest rate amortisation is included in finance income in the statement of profit or loss and other comprehensive income. The losses arising from impairment are recognised in the statement of profit or loss and other comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables.

Held-to maturity

Held-to-maturity assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Were the Corporation to sell more than an insignificant amount of held-to-maturity assets, the entire category would have to be reclassified as available for sale.

The investments which are mainly fixed deposits with banks would be classified under this category.
Regular way purchases and sales of financial assets held-to-maturity are recognised on trade-date – the date on which the Corporation commits to purchase or sell the asset.

3 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Available-for-sale
Available-for-sale assets are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates, or equity prices. Investment securities and treasury bills are classified as available for sale. AFS financial assets are measured at fair value with fair value gains or losses recognised in other comprehensive income. The Corporation currently has no available- for sale financial assets.

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 Corporation's consolidated statement of financial position) when:

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

- The Corporation 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 Corporation has transferred substantially all the risks and rewards of the asset; or

  b. the Corporation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Corporation assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments; the probability that they will enter bankruptcy or other financial reorganisation; and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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 Corporation's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Corporation that are not designated as hedging instruments in hedge relationships as defined by IAS 39. 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 recognition date and only if the conditions in IAS 39 are satisfied. The Corporation has not designated any financial liabilities as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Corporation. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the effective interest rate 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 effective interest rate. The effective interest rate 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, 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.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated 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, or to realise the assets and settle the liabilities simultaneously.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, sales taxes, excise duties and similar levies. 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).

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.

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets, interest income is recorded using the effective interest rate, which is the rate that discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in non-trading income in the statement of profit or loss and other comprehensive income.

3.12 Over/underlift

Lifting or offtake arrangements for oil produced in GNPC's jointly owned operations are such that each participant may not receive and sell its precise share of the overall production in each period. The resulting imbalance between cumulative entitlement and cumulative production less stock is "underlift" or "overlift". Underlift and overlift are disclosed appropriately in the financial statements.

3.13 Borrowing costs

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Employee benefit

The corporation 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 corporation'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.

3.15 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 tax 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Taxation

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.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

4.1 Judgements

In the process of applying the Corporation'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 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 Corporation 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 Corporation to assess their rights and obligations arising from the arrangement. Specifically, the Corporation 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 Corporation 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.

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 Corporation based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Corporation. Such changes are reflected in the assumptions when they occur.

Exploration and evaluation expenditures

The application of the Corporation'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 Corporation defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available.
If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

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

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

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

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

Changes in estimates are accounted for prospectively.

Fair value measurement

In estimating the fair value of an asset or liability, the corporation 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.

5 REVENUE

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Net share of crude oil revenue	**432,494,801**	401,819,009	**432,494,801**	401,819,009
Net share of gas sales	**75,365,752**	81,811,657	**75,365,752**	81,811,657
Bullion revenue	**-**	58,461,637	**-**	-
Services income	**1,969,426**	1,619,563	**-**	-
	509,829,979	543,711,866	**507,860,553**	483,630,666

5.1. ANALYSIS OF CRUDE REVENUE

GNPC

	2016	2015
	GH¢	GH¢
Sales	**1,370,555,182**	1,443,044,516
Gov't royalties	**(315,362,160)**	(334,225,914)
Net crude sales	**1,055,193,022**	1,108,818,602
Equity financing	**(273,289,495)**	(215,692,979)
Revenue available to share	**781,903,527**	893,125,623
Sharing		
Due Government of Ghana (70%)	**547,332,469**	625,187,936
Due GNPC (30%)	**234,571,058**	267,937,687
	781,903,527	893,125,623
Total allocation to GNPC		
Equity financing	**273,289,495**	215,692,979
Project financing	**234,571,058**	267,937,687
	507,860,553	483,630,666

5.2. SUMMARY OF LIFTING FOR THE YEAR

Jubilee Field	**No. of barrels of oil**	
	2016	2015
First lifting	**947,980**	986,276
Second lifting	**995,152**	988,069
Third lifting	**983,847**	948,230
Fourth lifting	**949,320**	911,343
Fifth lifting	**984,163**	948,054
Sixth lifting	**-**	948,118
	4,860,462	5,730,090

TEN Fields	**2016**	2015
First lifting	**996,459**	-

6. COST OF SALES

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Cost associated with production (note 6.1)	**301,207,024**	253,100,163	**301,207,024**	253,100,163
Costs associated with sales	**-**	51,645,976	**-**	-
Depreciation	**-**	1,444,306	**-**	-
Costs of Services	**266,768**	271,502	**-**	-
	301,473,792	306,461,947	**301,207,024**	253,100,163

6.1 ANALYSIS OF COST OF PRODUCTION

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Jubilee production	**174,100,353**	206,685,148	**174,100,353**	206,685,148
TEN production	**83,476,386**	-	**83,476,386**	-
Jubilee capital cost amortisation	**21,761,578**	46,415,015	**21,761,578**	46,415,015
TEN capital cost amortisation	**21,868,707**	-	**21,868,707**	-
	301,207,024	253,100,163	**301,207,024**	253,100,163

7. OTHER OPERATING INCOME

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Interest on short term investments	**38,944,862**	51,176,606	**38,944,862**	51,176,606
Services rendered to oil exploration companies	**233,281**	6,468,902	**233,281**	6,468,902
Data licence fee	**4,330,356**	256,690	**4,330,356**	256,690
EDC Investment recovery	**-**	6,562,673	**-**	6,562,673
Transfer from Training & Technology Fund	**29,685,265**	20,696,024	**29,685,265**	20,696,024
Exchange gain	**31,251,657**	37,565,456	**31,232,664**	37,539,730
Rental income	**172,881**	138,396	**172,881**	138,396
Miscellaneous income	**3,002,829**	1,709,505	**2,983,956**	1,546,921
Sale of scrap	**-**	96,516	**-**	-
Income from products trading	**3,506,177**		**3,506,177**	-
Disposals	**191,600**	61,644	**191,600**	61,644
	111,318,908	124,732,412	**111,281,042**	124,447,586

8. GENERAL AND ADMINISTRATIVE EXPENSE

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Personnel emoluments	**60,261,731**	50,255,905	**59,868,006**	41,133,191
General operating expenses	**121,671,763**	95,242,929	**81,195,124**	88,255,568
Staff retirement scheme	**1,000,000**	2,410,799	**1,000,000**	839,855
Exploration promotion expenses	**4,010,805**	1,104,893	**4,010,805**	1,104,893
Depreciation and amortization charge	**13,157,275**	6,022,602	**12,912,761**	5,195,086
Board expenses	**3,084,638**	1,987,052	**3,084,638**	1,288,011
Audit fees	**984,706**	925,740	**870,706**	811,740
Bank charges	**493**	6,720,018	**493**	2,117,565
Petroleum project expenditure (Note 8.1)	**176,077,535**	92,546,490	**176,077,535**	92,546,490
	380,248,946	257,216,428	**339,020,068**	233,292,399

8.1 PETROLEUM PROJECT EXPENDITURE

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Ultra-Deep Water Keta Project	**5,956,871**	3,132,543	**5,956,871**	3,132,543
North & South Project	**12,764,723**	6,706,704	**12,764,723**	6,706,704
TEN Project	**29,406,140**	15,458,000	**29,406,140**	15,458,000
OCTP - ENI Project	**8,509,815**	4,478,467	**8,509,815**	4,478,467
HESS block	**15,336,578**	8,057,980	**15,336,578**	8,057,980
Jubilee investment	**94,175,290**	49,496,471	**94,175,290**	49,496,471
South deep water	**9,928,118**	5,216,325	**9,928,118**	5,216,325
	176,077,535	92,546,490	**176,077,535**	92,546,490

9. OTHER OPERATING EXPENSE

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Loss from Products trading (Note 9.1)	**-**	34,561,044	**-**	34,561,044
Maritime boundary special project	**14,004,241**	15,826,509	**14,004,241**	15,826,509
Ministry of Energy Support	**4,537,128**	4,768,676	**4,537,128**	4,768,676
Impairment of Investment	**5,745,563**	644,210	**5,745,563**	1,206,090
	24,286,932	55,800,439	**24,286,932**	56,362,319

9.1 GAIN/(LOSS) FROM PRODUCTS TRADING

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Product sales	**364,506,641**	163,586,349	**364,506,641**	163,586,349
Product cost	**(361,000,464)**	(197,758,838)	**(361,000,464)**	(197,758,838)
Other expense	**-**	(388,555)	**-**	(388,555)
Gain/(Loss)	**3,506,177**	(34,561,044)	**3,506,177**	(34,561,044)

Terms and Conditions of products trading

The gain or loss from products trading in the current year refers to margins on Heavy fuel oil trading.

In 2015, the loss was on transactions with BOST in a Strategic Petroleum Reserve Supply and Sales agreement.

10. PETROLEUM EXPENDITURE

Petroleum expenditure represent wages, salaries and general administrative expenditure that have been apportioned to various petroleum projects. It also includes costs that are directly attributable to these petroleum projects. These expenditure do not meet capitalization policy of the corporation and have been expensed in the year they were incurred.

11. FINANCE COST

The finance cost relates to a long term loan granted to a subsidiary, Prestea Sankofa Gold Ltd, by its bankers repayable over a sixty month period secured by the subsidiary's landed property, plant and machinery, vehicles, gold bullions and stocks.

12. TAXATION

Group

Year of assessment	Balance 1 January GH¢	Charge for the year GH¢	Payment in the year GH¢	Balance 31 December GH¢
Up to 2014	3,566	-	-	3,566
2015	-	79,107	(42,554)	36,553
2016	-	41,494	-	41,494
	3,566	120,601	(42,554)	81,613

GNPC

Year of assessment	Balance 1 January GH¢	Charge for the year GH¢	Payment in the year GH¢	Balance 31 December GH¢
Up to 2015	-	-	-	-
2016	-	-	-	-
	-	-	-	-

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

13. PROPERTY PLANT AND EQUIPMENT

At 31 December 2016
Group

	Leasehold land & buildings	Furniture & fittings	Office equipment	Motor vehicles	Machinery & equipment	Work-in-progress	Linen glass and silver ware	Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Cost								
Balance as at 1 Jan	**16,112,779**	**2,819,213**	**20,212,808**	**12,822,922**	**16,030,724**	**13,369,264**	**6,066,826**	**87,434,536**
Additions	1,034,653	875,175	5,701,686	2,991,599	606,050	16,306,179	41,349	27,556,691
Disposals	-	-	-	(341,794)	-	-	-	(341,794)
Impairment	(4,028,060)	(1,223,433)	-	(2,365,298)	(14,463,784)	-	(5,984,332)	(28,064,907)
Translation differences	1,221,066	130,303	2,181,428	1,110,802	166,334	3,134,115	-	7,944,048
Total	**14,340,438**	**2,601,258**	**28,095,922**	**14,218,231**	**2,339,324**	**32,809,558**	**123,843**	**94,528,574**
Accumulated depreciation								
Balance as at 1 Jan	**1,891,283**	**1,917,183**	**10,091,337**	**8,500,993**	**11,881,614**	**-**	**82,494**	**34,364,904**
Charge for the year	148,355	238,942	3,038,461	1,508,849	218,637	-	13,645	5,166,889
Disposals	-	-	-	(341,794)	-	-	-	(341,794)
Transfer/Impairment	(1,381,252)	(1,003,566)	-	(2,294,694)	(10,984,304)	-	-	(15,663,816)
Translation differences	61,531	89,525	1,304,740	719,607	104,470	-	-	2,279,873
Total	**719,917**	**1,242,084**	**14,434,538**	**8,092,961**	**1,220,417**	**-**	**96,139**	**25,806,056**
Net book value as at 31 December 2016	**13,620,521**	**1,359,174**	**13,661,384**	**6,125,270**	**1,118,907**	**32,809,558**	**27,704**	**68,722,518**

13. PROPERTY PLANT AND EQUIPMENT (CONTINUED)

At 31 December 2016

GNPC

	Leasehold land & buildings	Furniture & fittings	Office equipment	Motor vehicles	Machinery & equipment	Work -in-progress	Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Cost							
Balance as at1Jan 2016	**11,837,129**	**1,297,606**	**20,212,808**	**10,419,219**	**1,482,266**	**13,350,094**	**58,599,122**
Additions	953,694	253,037	5,412,641	2,972,396	514,518	16,325,349	26,431,635
Transfers	-	-	(376,178)	(61,245)	-	-	(437,423)
Disposal	-	-	-	(341,794)	-	-	(341,794)
Translation differences	1,221,066	130,304	2,139,369	1,108,880	166,334	3,134,115	7,900,068
	14,011,889	**1,680,947**	**27,388,640**	**14,097,456**	**2,163,118**	**32,809,558**	**92,151,608**
Accumulated depreciation							
Balance as at 1 Jan 2016	**487,420**	**778,362**	**10,091,337**	**6,170,052**	**871,424**	**-**	**18,398,595**
Charge for the year	141,784	146,911	2,945,992	1,495,482	192,206	-	4,922,375
Transfers	-	-	(65,532)	(34,450)	-	-	(99,982)
Disposal	-	-	-	(341,794)	-	-	(341,794)
Translation differences	61,531	89,525	1,297,916	719,126	104,470	-	2,272,568
	690,735	**1,014,798**	**14,269,713**	**8,008,416**	**1,168,100**	**-**	**25,151,762**
Net book value at 31 December 2016	**13,321,154**	**666,149**	**13,118,927**	**6,089,040**	**995,018**	**32,809,558**	**66,999,846**

13. PROPERTY PLANT AND EQUIPMENT (CONTINUED)

At 31 December 2015

Group

	Leasehold land & buildings GH¢	Furniture & fittings GH¢	Office equipment GH¢	Motor vehicles GH¢	Machinery & equipment GH¢	Work-in-progress GH¢	Linen glass and silver ware GH¢	Total GH¢
Cost								
Balance as at 1 Jan	**4,769,757**	**2,351,062**	**15,190,563**	**9,926,596**	**14,304,168**	**5,808,881**	**77,332**	**52,428,359**
Additions	10,218,702	363,253	3,096,679	1,979,783	1,573,117	12,276,690	5,162	29,513,386
Disposals	-	-	-	(73,100)	-	-	-	(73,100)
Translation differences	1,124,320	123,250	1,919,862	989,643	140,790	1,268,025	-	5,565,890
Total	**16,112,779**	**2,837,565**	**20,207,104**	**12,822,922**	**16,018,075**	**19,353,596**	**82,494**	**87,434,535**
Accumulated depreciation								
Balance as at 1 Jan	**1,227,666**	**1,501,175**	**6,676,480**	**6,061,259**	**10,145,736**	**-**	**71,599**	**25,683,915**
Charge for the year	602,902	333,256	2,151,320	1,732,814	1,638,740	-	10,895	6,469,927
Disposals	-	-	-	(61,644)	-	-	-	(61,644)
Translation differences	60,715	96,956	1,257,013	768,564	108,548	-	-	2,291,796
Total	**1,891,283**	**1,931,387**	**10,084,813**	**8,500,993**	**11,893,024**	**-**	**82,494**	**34,383,994**
Net book value as at 31 December 2015	**14,221,496**	**906,178**	**10,122,291**	**4,321,929**	**4,125,051**	**19,353,596**	**-**	**53,050,541**

13. PROPERTY PLANT AND EQUIPMENT (CONTINUED)

At 31 December 2015

GNPC

	Leasehold land & buildings GH¢	Furniture & fittings GH¢	Office equipment GH¢	Motor vehicles GH¢	Machinery & equipment GH¢	Work -in-progress GH¢	Total GH¢
Cost							
Balance as at 1 Jan 2015	**2,415,644**	**950,055**	**15,196,267**	**7,522,893**	**1,341,476**	**367,287**	**27,793,622**
Additions	8,297,165	224,301	3,096,679	1,979,783	-	11,714,782	25,312,710
Disposal	-	-	-	(73,100)	-	-	(73,100)
Translation differences	1,124,320	123,250	1,919,862	989,643	140,790	1,268,025	5,565,890
	11,837,129	1,297,606	20,212,808	10,419,219	1,482,266	13,350,094	58,599,122
Accumulated depreciation							
Balance as at 1 Jan 2015	**363,506**	**533,112**	**6,683,004**	**3,809,573**	**581,150**	**-**	**11,970,346**
Charge for the year	63,199	148,294	2,151,320	1,653,559	181,726	-	4,198,098
Disposal	-	-	-	(61,644)	-	-	(61,644)
Translation differences	60,715	96,956	1,257,013	768,564	108,548	-	2,291,796
	487,420	**778,362**	**10,091,337**	**6,170,052**	**871,424**	**-**	**18,398,595**
Net book value as at 31 December 2015	**11,349,709**	**519,244**	**10,121,471**	**4,249,167**	**610,842**	**13,350,094**	**40,200,527**

13.1 Disposal schedule

Group

2016	Cost	Accumulated depreciation	Net Book Value	Proceeds from sale	Profit/ (Loss) on disposal
	GH¢	GH¢	GH¢	GH¢	GH¢
Motor vehicles	341,794	341,794	-	191,599	191,599

GNPC

2016	Cost	Accumulated depreciation	Net Book Value	Proceeds from sale	Profit/ (Loss) on disposal
	GH¢	GH¢	GH¢	GH¢	GH¢
Motor vehicles	**341,794**	**341,794**	-	**191,599**	**191,599**

14 INTANGIBLE ASSETS

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Cost				
Balance at 1 Jan	**6,215,002**	4,814,126	**6,215,002**	4,814,126
Additions	**26,510,201**	497,428	**26,510,201**	497,428
Translation differences	**2,486,651**	903,448	**2,486,651**	903,448
	35,211,854	6,215,002	**35,211,854**	6,215,002
Amortisation				
Balance at 1 Jan	**4,166,384**	2,659,083	**4,166,384**	2,659,083
Charge for the year	**7,990,386**	996,981	**7,990,386**	996,981
Translation differences	**994,337**	510,320	**994,337**	510,320
	13,151,107	4,166,384	**13,151,107**	4,166,384
Net book value at 31 December	**22,060,747**	2,048,618	**22,060,747**	2,048,618

15 EXPLORATION ASSETS

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Balance at 1 Jan	**20,548,696**	15,091,090	-	-
On-going exploration	**11,731,916**	5,457,606	-	-
Impairment –Presta write off	**(13,112,177)**	-	-	-
Exchange	**485,432**	-	-	-
Balance at 31 December 2016	**19,653,867**	20,548,696	-	-

16 PETROLEUM PROJECTS

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Joint operations				
Jubilee field investment (Note 16.1)	**228,306,398**	226,799,928	**228,306,398**	226,799,928
TEN Projects	**985,969,682**	629,748,783	**985,969,682**	629,748,783
OCTP Projects (Note 16.1)	**282,927,725**	-	**282,927,725**	-
	1,497,203,805	856,548,711	**1,497,203,805**	856,548,711
GNPC projects				
South deep water	**-**	5,153,669	**-**	5,153,669
Quantum LNG PJT	**9,454,750**	-	**9,454,750**	-
Voltaian basin project	**41,678,415**	19,572,616	**41,678,415**	19,572,616
	1,548,336,970	881,636,176	**1,548,336,970**	881,636,176
Translation differences	**425,109,217**	323,534,910	**425,109,217**	323,534,910
Total	**1,973,446,187**	1,205,171,086	**1,973,446,187**	1,205,171,086

The amount of borrowing costs capitalised during the year ended 31 December 2016 was GH¢ 63,359,326 (2015: GH¢ 15,214,266).

16.1 AMORTIZATION OF PETROLEUM PROJECTS

The Corporation's currently oil-producing fields are the Jubilee and TEN Oil fields, and are amortized based on units of production from each field, in proportion to the Corporation's stake in that field.

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	GH¢	GH¢
Cost				
Balance as at 1 Jan	**1,060,833,113**	700,577,454	**1,060,833,113**	700,577,454
Additions (Jubilee)	**23,268,048**	360,255,659	**23,268,048**	360,255,659
Addition (TEN)	**378,089,606**	-	**378,089,606**	-
	1,462,190,767	1,060,833,113	**1,462,190,767**	1,060,833,113
Amortization				
Balance as at 1 Jan	**204,284,402**	157,861,542	**204,284,402**	157,861,542
Charge for Jubilee	**21,761,578**	46,422,860	**21,761,578**	46,422,860
Charge for TEN	**21,868,707**	-	**21,868,707**	-
	247,914,687	204,284,402	**247,914,687**	204,284,402
Carrying amount at 31 December	**1,214,276,080**	856,548,711	**1,214,276,080**	856,548,711

17 HELD TO MATURITY FINANCIAL ASSETS

a. Long term investments

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Bank guarantee	**572,318,318**	536,076,401	**572,318,318**	536,076,401

b. Details of long term investments

Institutions	Investment amount US$	Interest rate	Tenor (years)	Nature of bank guarantee
Stanbic	45,000,000	2%	10	KAR Power guarantee
Fidelity	50,000,000	6%	10	KAR Power guarantee
UMB	41,187,917	6%	10	VRA Crude purchase support
	136,187,917			

c. Short term investments

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Fixed deposits with banks	**50,427,600**	**229,728,286**	**50,247,600**	**229,728,286**

d. Details of short term investments

Institutions	Investment amount US$	Interest rate	Tenor (days)
First Atlantic 1	3,000,000	6%	180
GIB	9,000,000	-	overnight
	12,000,000		

18 DUE FROM GOVERNMENT AND ITS AGENCIES

This represents the net position in respect of transfer of assets and liabilities between the Corporation and the government. Details of the amount due are disclosed below:

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Government of Ghana	**102,537,354**	102,537,354	**102,537,354**	102,537,354
Ministry of Finance	**210,115,000**	189,845,000	**210,115,000**	189,845,000
Tema Oil Refinery (TOR)	**245,434,805**	221,757,469	**245,434,805**	221,757,469
Ghana National Gas Company	**261,995,898**	216,215,045	**261,995,898**	216,215,045
Ghana Broadcasting Corporation (GBC)	**3,983,781**	3,599,461	**3,983,781**	3,599,461
	824,066,838	733,954,329	**824,066,838**	733,954,329
Less: Provision for doubtful debt (Impairment – TOR & GBC)	**(29,435,300)**	(22,996,186)	**(29,435,300)**	(22,996,186
As at 31 December	**794,631,538**	710,958,143	**794,631,538**	710,958,143

19 SUBSIDIARIES

Investment in subsidiaries

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Mole Motel Company Limited	**-**	-	**185,620**	185,620
Prestea Sankofa Gold Limited	**-**	-	**3,344,630**	3,344,630
GNPC Exploration and Production Company Limited	**-**	-	**1,000**	1,000
Less: Provision for doubtful debt/Impairment	**-**	-	**(3,344,630)**	-
	-	-	**186,620**	3,531,250

Name of subsidiary	**Principal activity**	**Place of incorporation and operation**	**Proportion of ownership interest and voting power held by the Group** **2016**	2015
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%

19 INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

Name of subsidiary	Proportion of ownership interest and voting power held by non-controlling interest 2016	2015	Profit (loss) allocated to non-controlling interest 2016 GH¢	2015 GH¢	Accumulated non-controlling interest 2016 GH¢	2015 GH¢
Mole Motel Company Ltd	**40%**	40%	**32,661**	5,326	**221,178**	188,517
Prestea Sankofa Gold Limited	**10%**	10%	**(4,069,909)**	(2,347,057)	**(7,567,132)**	(3,497,223)
Total			**(4,037,248)**	(2,341,731)	**(7,345,954)**	(3,308,706)

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

b. MOLE MOTEL LIMITED

Mole Limited	2016 GH¢	2015 GH¢
Revenue	**1,969,426**	1,619,563
Cost of sales	**(266,768)**	(271,502)
Other income	**37,866**	187,565
General and administrative expenses	**(1,617,377)**	(1,465,766)
Tax expense	**(41,494)**	(56,545)
Profit for the year	**81,653**	13,315
Profit attributable to owners of the Company	**48,992**	7,989
Profit attributable to the non-controlling interests	**32,661**	5,326
Profit for the year	**81,653**	13,315
Other comprehensive income for the year	**-**	-
Total comprehensive income attributable to owners of the Company	**86,513**	7,989
Total comprehensive income attributable to the non-controlling interests	**57,675**	5,326
Total comprehensive income for the year	**144,188**	13,315

19. **INVESTMENT IN SUBSIDIARIES (CONTINUED)**

b. MOLE MOTEL LIMITED (CONTINUED)

	2016	2015
	GH¢	GH¢
Current assets	468,743	142,605
Non-current assets	1,161,391	468,014
Total assets	1,630,134	610,619
Current liabilities	1,085,329	147,466
Non-current liabilities	-	-
Equity attributable to owners of the Company	323,627	274,636
Non-controlling interests	221,178	188,517
Total equity and liabilities	1,630,134	610,619

c. **PRESTEA SANKOFA GOLD LIMITED**

	2016	2015
	GH¢	GH¢
Current assets	-	15,204,916
Non-current assets	-	25,494,177
Total assets	-	40,699,093
Current liabilities	73,379,502	39,150,677
Non-current liabilities	-	34,228,825
Equity attributable to owners of the Company	(65,812,370)	(29,183,186)
Non-controlling interests	(7,567,132)	(3,497,223)
Total equity & liabilities	-	40,699,093

Prestea Sankofa Gold (Income statement)	2016	2015
	GH¢	GH¢
Revenue	-	58,461,637
Cost of sales	-	(53,090,282)
Other incomes	-	97,261
Expenses	(40,699,093)	(28,939,183)
Profit (loss) for the year	40,699,093	(23,470,567)
Loss attributable to owners of the Company	(36,629,184)	(21,123,510)
Loss attributable to the non-controlling interests	(4,069,909)	(2,347,057)
Loss for the year	(40,699,093)	(23,470,567)
Other comprehensive income for the year	-	-
Total comprehensive income attributable to owners of the Company	(36,629,184)	(21,123,510)
Total comprehensive income attributable to the non-controlling interests	(4,069,909)	(2,347,057)
Total comprehensive income for the year	40,699,093	(23,470,567)

19. INVESTMENT IN SUBSIDIARIES (CONTINUED)

d. GNPC Exploration and Production Company Ltd

	2016	2015
	GH¢	GH¢
Non-current assets	**20,215,148**	7,436,519
Current assets	**48,575**	-
Total assets	**20,263,723**	7,436,519
Liabilities		
Current liabilities	**2,987,848**	-
Non-current liabilities	**22,258,976**	-
Equity attributable to owners of the Company	**(4,983,101)**	7,436,519
Non-controlling interests	**-**	-
Total equity and liabilities	**20,263,723**	7,436,519

GNPC Exploration and Production Company Ltd (Income statement)

	2016	2015
	GH¢	GH¢
Revenue		
General administrative costs	**(4,543,971)**	-
Loss for the year	**(4,543,971)**	-
Other comprehensive income for the year	**562,521**	-
	(3,981,450)	-
Total comprehensive income attributable to owners of the Company	**(3,981,450**	-
Total comprehensive income attributable to the non-controlling interests	**-**	-
Total comprehensive income for the year	**(3,981,450)**	-

e. IMPAIRMENT OF SUBSIDIARY

The entity's subsidiary, Prestea Sankofa Gold Limited has ceased operations during 2016 due to technical and financial challenges. The Subsidiary's local bankers have commenced legal action for the recovery of loan granted to the subsidiary company.

As a result, the corporation has fully impaired its investments in the subsidiary and any amounts due from the subsidiary.

In the consolidated financial statements, the subsidiary's assets have been fully impaired due to uncertainty over their recoverability.

20. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Investment in associate (note 20a)	**-**	3,965,831	**4,277,400**	4,277,400
Investment in joint venture (note 20b)	**3,200,348**	3,239,976	**255,866**	255,866
	3,200,348	7,205,807	4,533,266	4,533,266

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

20a DETAILS OF ASSOCIATES

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

Name of Associate	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group **2016**	2015
Airtel	Telecommunications	Accra, Ghana	25%	25%

The above associate is accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of the Group's associate is set out below.
The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs (adjusted by the Group for equity accounting purposes).

	2016	2015
	GH¢	GH¢
Balance at 1 January	**3,965,831**	4,020,674
Share of profit (loss) of associate	**(3,965,831)**	(54,843)
Group's carrying amount of the investment in associate	**-**	3,965,831

	2016	2015
	GH¢'000	GH¢'000
Total revenue of associate	**561,514**	515,253
Total expense of associate	**(817,938)**	(734,627)
Total loss after tax of associate	**(256,424)**	(219,374)
Other comprehensive income	**-**	-
Total comprehensive income	**(256,424)**	(219,374)
Dividends received from the associate during the year	**-**	-
Share of loss of associate	**(3,965,831)**	(54,843)

20. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

20b JOINT VENTURES

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

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Saltpond Offshore Producing Company (SOPCL)	**-**	-	**1,206,090**	-
GNPC-Technip Engineering. Services	**3,200,347**	3,239,975	**255,866**	255,866
Less: Provision for doubtful debt	**-**	-	**(1,206,090)**	-
	3,200,347	3,239,975	**255,866**	255,866

Name of Joint venture	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group 2016	2015
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 financial statements.

Summarised financial information in respect of the Group's joint ventures are set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs (adjusted by the Group for equity accounting purposes).

	2016	2015
	GH¢	GH¢
Balance at 1 January	**3,239,975**	1,214,559
Share of profit/(loss) of GNPC Technip	**(39,628)**	2,025,416
Balance at 31 December	**3,200,347**	3,239,975

Details of GNPC Technip financial statements

	2016	2015
	GH¢	GH¢
Total assets	**73,605,657**	24,581,033
Total liabilities	**(63,413,095)**	(14,256,377)
Net assets	**10,192,562**	10,324,656
Share of net assets of joint venture (30%)	**3,057,769**	3,097,397

20. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

20b JOINT VENTURES (CONTINUED)

Total revenue of joint venture	**97,471,225**	26,071,287
Total profit/(loss) after tax of joint venture	**(132,094)**	6,751,387
Other comprehensive income	**-**	-
Total comprehensive income	**(132,094)**	6,751,387
Dividends received from the joint venture during the year	**-**	-
Share of loss of joint venture (30%)	**39,628**	2,025,416

20c IMPAIRMENT OF INVESTMENTS

The equity investments in Saltpond Offshore Producing Company Limited (SOPCL), which is a joint venture has been fully impaired due to non-productivity of the investee. The project is planned for decommissioned and the costs of decommissioning will be borne by GNPC.

21. INVENTORIES

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Non-trade stock	**1,126,807**	5,983,044	**1,078,731**	868,851
	1,126,807	5,983,044	**1,078,731**	868,851

22. DUE FROM RELATED PARTIES

This represents the advances given to subsidiaries

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Saltpond Offshore Producing company	**-**	-	**22,992,520**	-
Prestea Sankofa	**-**	-	**2,400,933**	2,400,933
Mole Ltd	**-**	-	**771,850**	-
GNPC Explorco	**-**	-	**21,256,325**	7,435,519
Less: Provision for doubtful debt	**-**	-	**(25,393,453)**	-
	-	-	**22,028,175**	9,836,452

23. TRADE AND OTHER RECEIVABLES

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Trade debtors - trade marketing	**126,542,374**	-	**126,542,374**	**-**
Share of Crude Proceeds from GOG	**152,704,106**	53,702,152	**152,704,106**	53,702,152
Share of Gas Proceeds from GOG	**163,887,026**	86,372,343	**163,887,026**	86,372,343
Sage Petroleum	**54,847,737**	49,556,522	**54,847,737**	49,556,522
Other debtors-foreign	**115,247,439**	62,734,460	**115,172,117**	54,383,007
Other debtors-local	**139,799**	1,125,068	**80,721**	27,808
Staff debtors	**2,300,719**	1,143,052	**2,300,719**	1,143,052
Input VAT	**3,614,790**	3,614,790	**3,614,790**	3,614,790
Advances & prepayments	**10,628,521**	2,468,973	**10,628,521**	2,468,974
Tax credits	**2,077,336**	2,020,261	**2,077,336**	2,020,261
Accrued investment income	**9,632,755**	22,461,547	**9,632,755**	22,461,547
	641,622,602	285,199,168	**641,488,202**	275,750,456
Less: Provision for impairment (Note 23.1)	**(171,901,482)**	(49,556,521)	**(171,901,482)**	(49,556,521)
	469,721,120	235,642,647	**469,586,720**	226,193,935

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

23.1 DETAILS OF IMPAIRMENT

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Balance at 1 Jan	**49,556,521**	41,782,847	**49,556,521**	41,782,847
Additional provision	**122,344,961**	7,773,674	**122,344,961**	7,773,674
Balance at 31 December	**171,901,482**	49,556,521	**171,901,482**	49,556,521

24. CASH AND BANK

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Bank	**115,567,256**	14,070,391	**115,242,465**	13,286,968
Cash	**1,390,606**	1,592,944	**1,380,554**	1,591,752
	116,957,861	15,663,335	**116,623,019**	14,878,720

24. CASH AND BANK (CONTINUED)

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

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Short term investments	**50,427,600**	68,344,200	**50,427,600**	68,344,200
Bank	**115,567,256**	14,070,391	**115,242,465**	13,286,968
Cash	**1,390,605**	1,592,944	**1,380,554**	1,591,752
Overdraft	**(545,912)**	(545,912)	**-**	-
	166,839,549	83,461,623	**167,050,619**	83,222,920

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 equity financing cost are capitalised and portions transferred to income statement to meet Production and amortised development cost. The fund represents the unamortised portion of petroleum assets in the books. Details of 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 fund is shown in the statement of changes in equity.

28. TRAINING AND TECHNOLOGY FUND

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

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Balance at 1 January	**157,321,851**	111,908,860	**157,321,851**	111,908,860
Additions	**36,266,108**	44,909,588	**36,266,108**	44,909,588
Transfer to P & L	**(29,685,265)**	(20,696,024)	**(29,685,265)**	(20,696,024)
Translation differences	**17,250,014**	21,199,427	**17,250,014**	21,199,427
Balance at 31 December	**181,152,708**	157,321,851	**181,152,708**	157,321,851

29. MEDIUM TERM LOANS

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
TEN Partner financing	**1,098,466,846**	629,753,166	**1,098,466,846**	629,753,166
OCTP Partner financing	**277,365,768**	-	**277,365,768**	-
Bank loan	**31,827,892**	31,827,892	**-**	-
	1,407,660,506	661,581,058	**1,375,832,614**	629,753,166

Terms and conditions of loans

TEN Partner financing
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.

OCTP Partner Financing
The Corporation is required to pay for its share of development cost associated with its additional interest of 5% in the OCTP Block. Under terms agreed in the Petroleum Agreement, GNPC opted for the OCTP Partners (ENI and Vitol) to pre- finance the additional interest cost obligations at a specified rate of 1 percent plus 3 months LIBOR. Repayment of the loan is expected to commence when the Corporation starts lifting its share of OCTP crude oil production.

Bank loan
This represents loans granted to a subsidiary by its bankers repayable over a sixty month period, secured by the subsidiary's landed property, plant and machinery, vehicles, gold bullion and stocks.

30. EMPLOYEE BENEFIT OBLIGATION

The movement in the defined benefit obligation is as follows:

	2016	2015
	GH¢	GH¢
Balance at 1 January	**1,294,387**	654,535
Service cost	**368,303**	266,522
Interest cost	**481,821**	163,330
Actuarial (gain)/loss	**(134,369)**	210,000
Benefits payment	**(123,634)**	-
Balance at 31 December	**1,886,508**	1,294,387

30.1 EMPLOYEE BENEFIT EXPENSE RECOGNISED IN PROFIT OR LOSS

	2016	2015
	GH¢	GH¢
Service cost	**368,303**	266,522
Interest cost	**481,821**	163,633
	850,124	430,155

30. EMPLOYEE BENEFIT OBLIGATION (CONTINUED)

30.2 REMEASUREMENT GAINS/ (LOSSES) IN OCI

	2016	2015
	GH¢	GH¢
Actuarial (gain)/loss	(134,369)	210,000

a. 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 principal actuarial assumptions used are as follows:

Starting health care per capita costs

The starting per capita cost is based on plan experience for 2016. No assumption was made explicitly for morbidity aging factors. Starting Per capita health care cost is GHS 3,312.

Discount rate

A rate of 25.2% 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%. 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.

Sensitivity analysis

Discount rate	25.20%	22.68%	27.72%	25.20%	25.20%
Healthcare cost rate	35.00%	31.50%	38.50%	31.50%	38.50%
Claim Rate	20.00%	18.00%	22.00%	18.00%	22.00%
Define benefit obligation (DBO)	654,535.00	665,040.28	668,607.50	621,808.25	700,352.45
Current service cost	106,910.60	163,190.91	197,951.28	150,623.72	207,349.85

31. TRADE AND OTHER PAYABLES

	Group		GNPC	
	2016	2015	**2016**	2015
	GH¢	GH¢	**GH¢**	GH¢
Foreign creditors	**184,602,011**	13,579,594	**184,602,011**	13,579,594
Local creditors	**69,172,018**	45,714,538	**19,458,587**	7,314,098
Accrued charges	**2,411,315**	5,948,061	**2,381,915**	5,661,340
Deposits held	**12,000**	20,363	**12,000**	20,363
Staff creditors	**2,340,621**	2,080,402	**2,307,900**	2,060,868
VAT	**3,537,722**	2,675,490	**3,531,823**	2,670,073
Withholding tax	**2,537,890**	366,433	**2,537,890**	366,433
Jubilee Partner Financing	**11,736,189**	23,676,119	**11,736,189**	23,676,119
Accrued bonus	**-**	10,441,996	**-**	10,441,996
Accrued payroll taxes	**3,192,109**	-	**3,192,109**	-
Professional fees accrued	**1,163,642**	919,201	**1,049,642**	919,201
Staff leave accrued	**1,129,819**	1,138,457	**1,129,819**	1,138,457
Deferred income	**220,470**	34,599	**220,470**	34,599
Other accrued costs	**6,243,907**	-	**6,243,907**	-
Overdraft	**545,912**	545,912	**-**	-
	288,845,625	107,141,165	**238,404,262**	67,883,141

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

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Corporation'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 Corporation's capital expenditure programme. The Corporation'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 Corporation 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 Corporation's financial targets while protecting future financial security. The main risks that could adversely affect the Corporation'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 Corporation's senior management oversees the management of financial risks. The Corporation's senior management is supported by a Financial Risk Committee that advises on financial risks and the appropriate financial risk governance framework for the Corporation. The Financial Risk Committee provides assurance to the Corporation's senior management that the Corporation's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Corporation policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

It is the Corporation's policy that no trading in derivatives for speculative purposes shall be undertaken. Currently, the Corporation 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 corporation 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:

31 December 2016	**US$**
Trade and other receivables	**269,696,609**
Trade and other payables	**(303,473,179)**
Cash, bank and investments	**176,023,554**
Net assets held in foreign currency	**142,246,984**

31 December 2015	**US$**
Trade receivables	**282,956,084**
Trade payables	**(196,806,265)**
Cash and cash equivalents	**203,028,485**
Net assets held in foreign currency	**289,178,304**

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

	2016	2015
	GH¢	GH¢
Exchange rate	4.20	3.80

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Sensitivity analysis on currency risks

A 5% strengthening of the cedi against the following currencies at 31 December 2016 would have impacted equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015.

Sensitivity analysis

Effect in Cedis

31 December 2016

	Profit or (loss)
USD	**(3,265,176)**

31 December 2015

	Profit or loss
USD	**(5,943,878)**

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 Corporation trades only with recognised, creditworthy third parties. It is the Corporation'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 Corporation 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 Corporation's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Corporation, which comprise cash and short-term investments, the Corporation'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

Amount past due but not impaired	**2016**	2015
	GH¢	GH¢
Past due up to 30 days	**11,736,189**	9,448,713
Past due 31-60 days	**184,736,411**	81,879,457
Past due 61-90 days	**15,567,342**	Nil
Past due 91-120 days	**30,252,706**	14,951,526
Past due more than 120 days	**979,131,455**	878,808,494

GNPC

Amount past due but not impaired	**2016**	2015
	GH¢	GH¢
Past due up to 30 days	**11,736,189**	64,125,532
Past due 31-60 days	**184,602,011**	81,879,457
Past due 61-90 days	**15,567,342**	Nil
Past due 91-120 days	**30,252,706**	14,951,526
Past due more than 120 days	**979,131,455**	878,808,494

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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.

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Corporation 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 table below summarises the maturity profile of the Corporation's financial liabilities based on contractual undiscounted payments

Group
As at December 2016

	Less than 1 year GH¢	More than 1 year GH¢	Total GH¢
Interest-bearing loans and borrowings	**468,713,680**	**661,581,058**	**1,130,294,738**
Trade and other payables	**280,774,652**	**-**	**280,774,652**
	749,488,332	**661,581,058**	**1,411,069,390**

As at December 2015

	Less than 1 year GH¢	More than 1 year GH¢	Total GH¢
Interest-bearing loans and borrowings	-	765,581,058	765,581,058
Trade and other payables	107,181,164	-	107,181,164
	107,181,164	765,581,058	872,762,222

GNPC
As at December 2016

	Less than 1 year GH¢	More than 1 year GH¢	Total GH¢
Interest-bearing loans and borrowings	**468,713,680**	**629,753,166**	**1,098,466,846**
Trade and other payables	**238,404,262**	**-**	**238,404,262**
	707,117,942	**629,753,166**	**1,336,871,108**

As at December 2015

	Less than 1 year GH¢	More than 1 year GH¢	Total GH¢
Interest-bearing loans and borrowings	-	629,753,166	629,753,166
Trade and other payables	67,883,141	-	67,883,141
	67,883,141	629,753,166	697,636,307

33. 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 from 2015.

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.

34. FAIR VALUE MEASUREMENT AND CATEGORIES OF FINANCIAL INSTRUMENTS

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

35 RELATED PARTY TRANSACTIONS

Information about subsidiaries

	Principal Activity	**Country**	**Percentage of equity/interest 2016**	**2015**
Prestea Sankofa Gold Limited	Mining	Ghana		90%
Mole Motel Corporation Limited	Hospitality	Ghana		60%

The holding company

GNPC is 100% owned by Government of Ghana.

Joint venture/Associate

The Corporation has a 45% interest in Saltpond offshore Corporation limited (2015: 45%) and 25% in Airtel Ghana. The group has fully impaired its investments in this joint venture in 2013, due to its loss making situation. The group has also fully impaired its investment in the associate, as the associate has a negative net assets position.

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 to GH¢**	**Amount due from GH¢**
Prestea Sankofa Gold Limited	-	-
GNPC Exploration and Production Co. Ltd	-	**21,256,325**
Mole Motel	-	**771,850**
	-	**22,028,175**

35 RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with related parties

Transactions with related parties during the year are as follows:

Name of related party	Transaction type	Amount GH¢
GNPC Exploration and Production Co. Limited	Advance	**13,820,806**
Airtel Ghana Limited	Telecom services	**391,155**
		14,211,961

Advances to related parties

Name of related party	2016 GH¢	2015 GH¢
Prestea Sankofa Gold Limited	-	2,400,933
GNPC Exploration and Production Company Limited	**18,855,392**	7,435,519
Saltpond Offshore Producing Company Limited	**22,992,520**	-
Mole	**771,850**	-
	42,619,762	9,836,452

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 2016, impairment of receivables relating to amounts owed by related parties was GH¢ 25,393,453 (2015: Nil).

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

	2016 GH¢	2015 GH¢
Short term benefits	**4,841,300**	3,180,810

Directors' remuneration

	2016 GHS	2015 GHS
Board fees	**270,000**	270,000
Termination bonus	**974,262**	-
Other board expense	**1,327,827**	594,227
	2,572,089	864,227

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

36 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).

IFRS 9 "Financial Instruments" issued on 24 July 2015 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

Classification and Measurement - IFRS 9 introduces new approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements under IAS 39. The new model also results in a single impairment model being applied to all financial instruments.

Impairment - IFRS 9 has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Hedge accounting - IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities.

Own credit - IFRS 9 removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

37 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

IFRS 15 “Revenue from Contracts with Customers” and further amendments (effective for annual periods beginning on or after 1 January 2018).

IFRS 15 “Revenue from Contracts with Customers” issued by IASB on 28 May 2015 (on 11 September 2015 IASB deferred effective date of IFRS 15 to 1 January 2018). IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the Group expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

IFRS 16 Leases

IFRS 16 Leases which requires lessees to recognise assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 Leases.

Under the new standard, a lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To be a lease, a contract must convey the right to control the use of an identified asset, which could be a physically distinct portion of an asset such as a floor of a building.

A contract conveys the right to control the use of an identified asset if, throughout the period of use, the customer has the right to:

(1) obtain substantially all of the economic benefits from the use of the identified asset; and

(2) direct the use of the identified asset (i.e., direct how and for what purpose the asset is used).
The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16.

Other standards, amendments and interpretations issued but not yet effective are listed below. They are not expected to have a significant impact to the Group:

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IAS 7 Disclosure Initiative – Amendments to IAS 7
- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12
- IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

38 COMMITMENTS FOR EXPENDITURE

There was no commitment to any form of capital expenditure

39 CONTINGENT ASSETS AND LIABILITIES

- Petroleum products supplied to Sage Petroleum Limited by the Corporation up to 2012 amounting to US$13,051,837.42 (GHS 54,847,736) is currently in dispute. The case is currently being pursued in the law courts. The Corporation has therefore made full provision for this debt in its books.

40 DECOMMISSIONING LIABILITY

The board gave a directive to decommission the Oil field Saltpond Offshore Producing Company Limited (SOPCL) due to safety and environmental concerns. The cost of the decommissioning is to be borne by GNPC.
The corporation has not been able to obtain a reliable estimate for the decommissioning of the oil field and has therefore not recognised any decommissioning liability in the financial statements.

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

41 CORPORATE SOCIAL RESPONSIBILITIES

The Corporation, as part of its corporate social responsibility, has for the 2016 financial year provided support in the areas of health and sports development as follows:

Oil and Gas Learning Foundation

The Corporation set up an Oil and Gas Learning Foundation to help develop the country's human resource capacity to support the Oil and Gas industry. An amount of $3 million is provided annually to support a scholarship scheme for the Foundation. The Foundation commenced work in 2012.

Sports Development: A Headline Sponsorship Agreement (HSA) was signed between Ghana National Petroleum Corporation (GNPC) and Ghana Football Association (GFA) in January, 2014, to provide a US$3million sponsorship per annum for the Senior National Football Team, the Black Stars, over a period of three years.

Health

The Corporation renovated and supplied medical equipment to the following medical facilities at the stated cost:
- Korle Bu Capacity building and Outreach – GHS 2,143,900
- Social Coastal project (Ministry of Fisheries) - GHS 5,486,667
- ICU at Burns Centre (Korle bu) - GHS 1,983,500
- Support for Cholera (Ministry of Health) - GHS 1,000,000

42 EVENTS AFTER THE REPORTING PERIOD

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