

GHANA NATIONAL PETROLEUM CORPORATION

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

**EGALA & ASSOCIATES
CHARTERED ACCOUNTANTS
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Ghana National Petroleum Corporation
Consolidated financial statements for the year ended 31 December 2014

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Ghana National Petroleum Corporation

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Corporate information

Board of directors	Mr Ato Ahwoi Mr Alexander K M Mould Mrs Alexandra Amoako-Mensah Awulae Attibrukusu III Dr Kwaku Temeng Mr Kyeretwie Opoku Dr Cadman Mills	- Chairman - Ag Chief Executive - Member - Member - Member - Member - Member
Secretary	Mr Kyeretwie Opoku	
Business address	Petroleum House, Tema	
Postal address	Private Mail Bag, Tema	
External auditors	Egala & Associates Chartered Accountants & Business Advisors 14 Abeka Road, Tesano P O Box AN 16626 Accra North	
Bankers	National Investment Bank Limited Bank of Ghana Ghana Commercial Bank Limited Ecobank Ghana Limited Ghana International Bank Plc – London	

Ghana National Petroleum Corporation

Consolidated financial statements for the year ended 31 December 2014

Report of the directors

The Directors have the pleasure of presenting these financial statements to the shareholders of the Corporation for the year ended 31 December 2014.

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 Code, 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. The Directors are also required to prepare the financial statements in accordance with the International Financial Reporting Standards as adopted by Ghana.

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 2014. 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 Code, 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.

On behalf of the Board:

Name: ALEXANDER MOULD

Signed: 

Date: 26th January, 2016

Name: FELIX ADIG

Signed: 

Date: 26th January 2016



EGALA AND ASSOCIATES

(CHARTERED ACCOUNTANTS & BUSINESS ADVISORS)

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Ghana National Petroleum Corporation

Independent auditor's report to the shareholders of Ghana National Petroleum Corporation

Report on the financial statements

We have audited the accompanying financial statements of Ghana National Petroleum Corporation, which comprise the statement of financial position as at 31 December 2014 and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs) and with the requirements of the Ghana National Petroleum Corporation Law, 1983 (PNDC Law 64) and the Ghana Companies Act, 1963 (Act 179). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

Auditor's responsibility

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

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

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

Ghana National Petroleum Corporation

Consolidated financial statements for the year ended 31 December 2014

Independent auditor's report to the shareholders of Ghana National Petroleum Corporation (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ghana National Petroleum Corporation and its subsidiaries as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Ghana Companies Act, 1963 (Act 179) and the Ghana National Petroleum Corporation Law, 1983 (PNDC Law 64).

Report on other legal requirements

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

- a) 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;
- b) in our opinion proper books of account have been kept by the Corporation, so far as appears from our examination of those books; and
- c) the Corporation's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of accounts.



Idris Egala – ICA/P/1168
Egala & Associates (ICAG/F/2015/135)
Chartered Accountants
14 Abeka Road, Tesano
P O Box AN 16626
Accra North, Ghana

Date: 27th January, 2016

Ghana National Petroleum Corporation

Consolidated financial statements for the year ended 31 December 2014

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014

	Notes	Group		GNPC	
		2014 GHS	2013 GHS	2014 GHS	Restated 2013 GHS
Revenue	5	624,716,101	568,331,230	574,998,361	506,688,951
Cost of sales	6	<u>(192,006,635)</u>	<u>(209,232,047)</u>	<u>(149,555,880)</u>	<u>(159,810,306)</u>
Gross profit		432,709,466	359,099,183	425,442,481	346,878,645
Other operating income	7	327,540,566	90,667,307	325,894,326	87,125,663
Loss from refined products trading	8	(34,291,716)	(9,078,240)	(34,291,716)	(9,078,240)
General & administrative expenses	9	(87,113,306)	(67,569,653)	(66,092,116)	(47,027,280)
Petroleum project expenditure	10	<u>(48,754,179)</u>	<u>(26,965,435)</u>	<u>(48,754,179)</u>	<u>(26,965,435)</u>
Results from operations		590,090,831	346,153,162	602,198,796	350,933,353
Finance cost	11	-	(3,991,049)	-	(3,991,049)
Share of loss in associate company	33.1	(166,256)	(53,204)	-	-
Share of profit (loss) of joint venture	33.2	<u>423,881</u>	<u>(325,571)</u>	<u>-</u>	<u>-</u>
Net earnings before tax		590,348,456	341,783,338	602,198,796	346,942,304
Income tax expenses	12	<u>(21,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Earnings after tax		590,327,256	341,783,338	602,198,796	346,942,304
Other comprehensive income for the year					
Items that will not be reclassified subsequently to profit or loss:					
Re-measurement of defined benefit obligation		<u>(271,871)</u>	<u>-</u>	<u>(271,871)</u>	<u>-</u>
Total comprehensive income		<u>590,055,385</u>	<u>341,783,338</u>	<u>601,926,925</u>	<u>346,942,304</u>

Ghana National Petroleum Corporation
Consolidated financial statements for the year ended 31 December 2014

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014 (continued)

	Group		GNPC	
	2014	2013	2014	Restated 2013
	GHS	GHS	GHS	GHS
Earnings attributable to:				
Owners of the Company	591,506,703	342,232,413	-	-
Non-controlling Interests	<u>(1,179,447)</u>	<u>(449,075)</u>	-	-
	<u>590,327,256</u>	<u>341,783,338</u>	<u>-</u>	<u>-</u>
Total comprehensive income attributable to:				
Owners of the Company	591,234,832	342,232,413	-	-
Non-controlling Interests	<u>(1,179,447)</u>	<u>(449,075)</u>	-	-
	<u>590,055,385</u>	<u>341,783,338</u>	<u>-</u>	<u>-</u>

Ghana National Petroleum Corporation

Consolidated financial statements for the year ended 31 December 2014

Consolidated statement of financial position as at 31 December 2014

Assets	Notes	Group			GNPC		
		2014	2013	2012	2014	Restated 2013	Restated 2012
Non-current assets		GHS	GHS	GHS	GHS	GHS	GHS
Property, plant & equipment	13	22,539,639	14,290,446	13,013,352	11,618,472	7,231,844	6,803,188
Intangible assets	14	1,556,838	1,043,814	266,151	1,556,838	1,043,814	266,151
Exploration expenditure	15	15,091,090	7,312,746	4,729,488			
Petroleum projects	16	556,863,030	326,992,822	302,881,843	556,863,030	326,992,822	302,881,843
Investment in subsidiaries	32	-	-	-	3,531,250	3,530,250	3,530,250
Investment in associates	33.1	4,020,674	4,186,930	4,240,134	4,277,400	4,277,400	4,277,400
Investment in Joint Venture	33.2	1,858,770	1,434,024	1,504,595	1,461,956	1,461,090	1,206,090
Due from government	17	<u>561,746,839</u>	<u>409,897,787</u>	<u>277,661,216</u>	<u>561,746,839</u>	<u>409,897,787</u>	<u>277,661,216</u>
Total non-current assets		<u>1,163,676,880</u>	<u>765,158,569</u>	<u>604,296,779</u>	<u>1,141,055,785</u>	<u>754,435,007</u>	<u>596,626,138</u>
Current assets							
Inventories	18	42,308,542	3,940,588	2,922,394	38,237,425	353,793	151,670
Due from related parties	19	19,490,714	12,967,038	11,225,903	24,290,647	14,554,289	12,574,026
Trade & other receivables	20	259,978,883	90,493,464	29,403,665	248,357,313	84,049,495	24,444,777
Short term investments	21	752,321,758	237,990,197	162,432,768	752,321,758	237,990,197	162,432,768
Cash & bank balances	22	<u>76,546,298</u>	<u>10,264,258</u>	<u>19,592,057</u>	<u>75,927,621</u>	<u>9,717,810</u>	<u>17,543,320</u>
Total current assets		<u>1,150,646,195</u>	<u>355,655,545</u>	<u>225,576,787</u>	<u>1,139,134,764</u>	<u>346,665,584</u>	<u>217,146,561</u>
Total assets		<u>2,314,323,075</u>	<u>1,120,814,114</u>	<u>829,873,566</u>	<u>2,280,190,549</u>	<u>1,101,100,591</u>	<u>813,772,699</u>

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Consolidated financial statements for the year ended 31 December 2014

Consolidated statement of financial position as at 31 December 2014 (continued)

Equity & Liabilities	Notes	2014 GHS	2013 GHS	2012 GHS	2014 GHS	2013 GHS	2012 GHS
Equity							
Stated capital	23	7,208,020	7,208,020	7,208,020	7,208,020	7,208,020	7,208,020
Petroleum equity fund	24	271,427,871	261,143,812	261,320,370	271,427,871	261,143,812	261,320,370
Petroleum project fund	25	815,507,203	506,074,304	229,286,649	815,507,203	506,074,304	229,286,649
Retained earnings		<u>485,104,575</u>	<u>214,128,512</u>	<u>148,762,536</u>	<u>496,265,201</u>	<u>213,783,363</u>	<u>143,452,156</u>
		1,579,247,669	988,554,648	646,577,575	1,590,408,295	988,209,499	641,267,195
Non-controlling interests	32.1	<u>(966,975)</u>	<u>212,472</u>	<u>661,547</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity		<u>1,578,280,694</u>	<u>988,767,120</u>	<u>647,239,122</u>	<u>1,590,408,295</u>	<u>988,209,499</u>	<u>641,267,195</u>
Non-current liabilities							
Training & technology fund	26	81,043,331	59,589,700	59,871,624	81,043,331	59,589,700	59,871,624
Medium term loan	27	323,048,828	37,658,803	-	311,249,476	37,658,803	-
Provision	28	<u>7,195,603</u>	<u>1,280,839</u>	<u>869,376</u>	<u>7,195,603</u>	<u>1,280,839</u>	<u>869,376</u>
Total non-current liabilities		<u>411,287,762</u>	<u>98,529,342</u>	<u>60,741,000</u>	<u>399,488,410</u>	<u>98,529,342</u>	<u>60,741,000</u>
Current liabilities							
Short term facility	29	4,792,140	6,472,186	100,977,771	-	-	100,529,435
Trade & other payables	30	319,785,918	27,039,459	20,907,581	290,120,850	14,361,750	11,235,069
Deferred income	31	172,994	-	-	172,994	-	-
Current tax liabilities	12	<u>3,568</u>	<u>6,007</u>	<u>8,092</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities		<u>324,754,620</u>	<u>33,517,652</u>	<u>121,893,444</u>	<u>290,293,844</u>	<u>14,361,750</u>	<u>111,764,504</u>
Total liabilities		<u>736,042,381</u>	<u>132,046,994</u>	<u>182,634,444</u>	<u>689,782,253</u>	<u>112,891,092</u>	<u>172,505,504</u>
Total equity & liabilities		<u>2,314,323,075</u>	<u>1,120,814,114</u>	<u>829,873,566</u>	<u>2,280,190,549</u>	<u>1,101,100,591</u>	<u>813,772,699</u>

Ghana National Petroleum Corporation

Consolidated financial statements for the year ended 31 December 2014

Consolidated statement of changes in equity for the year ended 31 December 2014 (continued)

Group

	Stated capital	Petroleum equity fund	Petroleum project fund	Retained earnings	Non- controlling interest	Total equity
	GHS	GHS	GHS	GHS	GHS	GHS
Balance at 1 January 2014	7,208,020	261,143,812	506,074,304	214,128,512	212,472	988,767,120
IFRS impact: Consolidation	-	-	-	(813,682)	-	(813,682)
Earnings for the year	-	-	-	590,327,256	-	590,327,256
Movement – non-controlling interest	-	-	-	1,179,447	(1,179,447)	-
Transfer from retained earnings	-	<u>10,284,059</u>	<u>309,432,899</u>	<u>(319,716,958)</u>	-	-
Balance at 31 December 2014	<u>7,208,020</u>	<u>271,427,871</u>	<u>815,507,203</u>	<u>485,104,574</u>	<u>(966,975)</u>	<u>1,578,280,693</u>
Balance at 1 January 2013	7,208,020	261,320,370	229,286,649	148,913,182	-	646,728,221
Effect of change in accounting policy: IFRS impact	-	-	-	<u>(150,646)</u>	<u>661,547</u>	<u>510,901</u>
Balance at 1 January 2013	7,208,020	261,320,370	229,286,649	148,762,536	661,547	647,239,122
Profit for the year	-	-	-	341,783,338	-	341,783,338
IFRS impact: Consolidation	-	-	-	(255,340)	-	(255,340)
Movement - non-controlling interest	-	-	-	449,075	(449,075)	-
Transfer from retained earnings	-	<u>(176,558)</u>	<u>276,787,655</u>	<u>(276,611,097)</u>	-	-
Balance at 31 December 2013	<u>7,208,020</u>	<u>261,143,812</u>	<u>506,074,304</u>	<u>214,128,512</u>	<u>212,472</u>	<u>988,767,120</u>

Ghana National Petroleum Corporation

Consolidated financial statements for the year ended 31 December 2014

Consolidated statement of changes in equity for the year ended 31 December 2014 (continued)

Company

	Stated capital GHS	Petroleum equity fund GHS	Petroleum project fund GHS	Capital surplus GHS	Retained earnings GHS	Total equity GHS
Balance at 1 January 2014	7,208,020	261,143,812	506,074,304	-	213,783,363	988,209,499
Earnings for the year	-	-	-	-	602,198,796	602,198,796
Transfer from retained earnings	-	<u>10,284,059</u>	<u>309,432,899</u>	-	<u>(319,716,958)</u>	-
Balance at 31 December 2014	<u>7,208,020</u>	<u>271,427,871</u>	<u>815,507,203</u>	<u>-</u>	<u>496,265,201</u>	<u>1,590,408,295</u>
Balance at 1 January 2013	7,208,020	261,320,370	229,286,649	14,265,405	143,047,511	655,127,955
Effect of change in accounting policy: IFRS impact	-	-	-	<u>(14,265,405)</u>	<u>404,645</u>	<u>(13,860,760)</u>
Balance at 1 January 2013	7,208,020	261,320,370	229,286,649	-	143,452,156	-
Earnings for the year	-	-	-	-	346,942,304	346,942,304
Transfer to/from retained earnings	-	<u>(176,558)</u>	<u>276,787,655</u>	-	<u>(276,611,097)</u>	-
Balance at 31 December 2013	<u>7,208,020</u>	<u>261,143,812</u>	<u>506,074,304</u>	<u>-</u>	<u>213,783,363</u>	<u>988,209,499</u>

Ghana National Petroleum Corporation

Consolidated financial statements for the year ended 31 December 2014

Consolidated statement of cash flow for the year ended 31 December 2014 (continued)

	Notes	Group 2014 GHS	2013 GHS	GNPC 2014 GHS	2013 GHS
Cash flows from operating activities					
Net cash generated by operating activities		<u>527,659,662</u>	<u>157,269,089</u>	<u>523,698,894</u>	<u>159,019,287</u>
Cash flows from investing activities					
Proceeds from sale of fixed assets		206,643	-	206,643	-
Purchase of property, plant & equipment		(13,334,624)	(5,566,430)	(7,104,123)	(2,373,747)
Purchase of intangible assets		(1,432,272)	(1,395,086)	(1,432,272)	(1,395,086)
Additions to petroleum projects		(229,870,208)	(24,110,979)	(229,870,208)	(24,110,979)
Investments in GNPC Technip		(866)	(255,000)	(866)	(255,000)
Investments in GNPC Explorco		(1,000)	-	(1,000)	-
Exploration expenditure		(7,778,344)	(2,583,258)	-	-
Issue of stated capital		<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash utilised by investing activities		<u>(252,209,671)</u>	<u>(33,910,753)</u>	<u>(238,201,826)</u>	<u>(28,134,812)</u>
Cash flows from financing activities					
Repayment of short term facility		-	(100,529,435)	-	(100,529,435)
Proceeds from medium term loan		285,390,025	37,658,803	273,590,673	37,658,803
Training & technology grant		<u>21,453,631</u>	<u>(281,924)</u>	<u>21,453,631</u>	<u>(281,924)</u>
Net cash generated by financing activities		<u>306,843,656</u>	<u>(63,152,556)</u>	<u>295,044,304</u>	<u>(63,152,556)</u>
Net increase in cash & cash equivalents		582,293,647	60,205,780	580,541,372	67,731,919
Cash & cash equivalents at the beginning of the year		<u>241,782,269</u>	<u>181,576,489</u>	<u>247,708,007</u>	<u>179,976,088</u>
Cash & cash equivalents at the end of the year		<u>824,075,916</u>	<u>241,782,269</u>	<u>828,249,379</u>	<u>247,708,007</u>

Ghana National Petroleum Corporation

Consolidated financial statements for the year ended 31 December 2014

Notes to the consolidated statement of cash flow for the year ended 31 December 2014 (continued)

	Notes	Group		GNPC	
		2014 GHS	2013 GHS	2014 GHS	2013 GHS
Cash flows from operating activities					
Net earnings for the period		590,348,456	341,783,338	602,198,796	346,942,304
Adjust for:					
Depreciation charge		5,061,337	4,289,336	2,693,400	1,945,091
Amortisation of intangible assets		919,248	617,423	919,248	617,423
Provisions		5,914,764	411,463	5,914,764	411,463
Profit on disposal of fixed assets		(182,548)	-	(182,548)	-
Share of (profit) loss in joint venture		(423,881)	325,571	-	-
Share of loss in associates		166,256	53,204	53,204	-
(Increase) in amount due from government & its agencies		(151,849,052)	(132,236,571)	(151,849,052)	(132,236,571)
(Increase) in stocks		(38,367,954)	(1,018,194)	(37,883,632)	(202,123)
(Increase) in amount due from related party		(9,736,358)	(1,980,263)	(9,736,358)	(1,980,263)
Decrease (increase) in debtors		(169,485,419)	(61,089,799)	(164,307,818)	(59,604,718)
Increase (decrease) in creditors		295,145,460	6,116,878	275,759,100	3,126,681
Deferred income		172,994	-	172,994	-
Net cash (outflow) inflow from operating activities		527,683,303	157,272,386	523,698,894	159,019,287
Income taxes paid		(23,641)	(3,297)	-	-
Net cash generated by operating activities		527,659,662	157,269,089	523,698,894	159,019,287
Analysis of cash & cash equivalent					
Short term investments		752,321,758	237,990,197	752,321,758	237,990,197
Cash & bank		76,546,298	10,264,258	75,927,621	9,717,810
Bank overdraft		(4,792,140)	(6,472,186)	-	-
		824,075,916	241,782,269	828,249,379	247,708,007

Ghana National Petroleum Corporation

Consolidated financial statements for the year ended 31 December 2014

Notes to the consolidated financial statements

1. General information

Ghana National Petroleum Corporation is a Corporation incorporated and domiciled in Ghana. The address of its registered office and principal place of business are disclosed in the introduction to the annual report. Its ultimate controlling party is the Government of Ghana.

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

2. Application of new and revised International Financial Reporting Standards (IFRSs)

2.1. Standards and Interpretations effective in the current period

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board are effective for the current period:

Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosures of Interests in Other Entities” and IAS 27 “Separate Financial Statements” – Investment Entities (effective for annual periods beginning on or after 31 January 2014) published by IASB on 31 October 2012.

The amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

Amendments to IAS 32 “Financial instruments: presentation”

– Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 31 January 2014) published by IASB on 16 December 2011.

Amendments provide clarifications on the application of the offsetting rules and focus on four main areas

- (a) the meaning of “currently has a legally enforceable right of set-off;
- (b) the application of simultaneous realisation and settlement;
- (c) the offsetting of collateral amounts;
- (d) the unit of account for applying the offsetting requirements.

Amendments to IAS 36 “Impairment of assets” - Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014), published by IASB on 29 May 2013.

These narrow-scope amendments to IAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 to require disclosures about the recoverable amount of impaired assets. Current amendments clarify the IASB’s original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

Amendments to IAS 39 “Financial Instruments: Recognition and Measurement”

– Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014), published by IASB on 27 June 2013.

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The narrow-scope amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

IFRIC 21 “Levies” (effective for annual periods beginning on or after 31 January 2014), published by IASB on 20 May 2013.

IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

2.2. Standards and Interpretations in issue not yet adopted

At the date of authorisation of these consolidated financial statements the following standards, amendments to existing standards and interpretations were in issue, but not yet effective:

IFRS 9 “Financial Instruments” (effective for annual periods beginning on or after 1 January 2018), issued on 24 July 2014 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 a 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.

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2.2 Standards and Interpretations in issue not yet adopted (continued)

Amendments to IFRS 11 “Joint Arrangements” – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016), published by IASB on 12 May 2011.

IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31 Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities.

A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

IFRS 12 “Disclosures of Interests in Other Entities”- published by IASB on 12 May 2011. IFRS 12 will require enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to require information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of consolidated entities.

IFRS 14 “Regulatory Deferral Accounts” (effective for annual periods beginning on or after 1 January 2016), published by IASB on 30 January 2014.

This Standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.

IFRS 15 “Revenue from Contracts with Customers” (effective for annual periods beginning on or after 1 January 2017), published by IASB on 28 May 2014.

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 company 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.

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2.2 Standards and Interpretations in issue not yet adopted (continued)

Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” - Mandatory Effective Date and Transition Disclosures published by IASB on 16 December 2011. Amendments defer the mandatory effective date from 1 January 2013 to 1 January 2015. The amendments also provide relief from the requirement to restate comparative financial statements for the effect of applying IFRS 9. This relief was originally only available to companies that chose to apply IFRS 9 prior to 2012. Instead, additional transition disclosures will be required to help investors understand the effect that the initial application of IFRS 9 has on the classification and measurement of financial instruments.

Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosures of Interests in Other Entities” – Transition Guidance published by IASB on 28 June 2012. The amendments are intended to provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12, by “limiting the requirement to provide adjusted comparative information to only the preceding comparative period”. Also, amendments were made to IFRS 11 and IFRS 12 to eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016), published by IASB on 11 September 2014.

The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

Amendments to IFRS 11 “Joint Arrangements” – Accounting for Acquisitions of Interests in Joint Operations published by IASB on 6 May 2014. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

Amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets” - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016), published by IASB on 12 May 2014.

Amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. Amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

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2.2 Standards and Interpretations in issue not yet adopted (continued)

Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture” - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016), published by IASB on 30 June 2014.

The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment.

Amendments to IAS 19 “Employee Benefits” - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014), published by IASB on 21 November 2013.

The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

Amendments to IAS 27 “Separate Financial Statements” - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016), Published by IASB on 12 August 2014.

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

IAS 27 “Separate Financial Statements” (revised in 2011) published by IASB on 12 May 2011. The requirements relating to separate financial statements are unchanged and are included in the amended IAS 27. The other portions of IAS 27 are replaced by IFRS 10.

IAS 28 “Investments in Associates and Joint Ventures” (revised in 2011) published by IASB on 12 May 2011. IAS 28 is amended for conforming changes based on the issuance of IFRS 10, IFRS 11 and IFRS 12.

Revised requirements regarding:

- (i) meaning of effective IFRSs in IFRS 1;
- (ii) scope of exception for joint ventures;
- (iii) scope of paragraph 52 of IFRS 13 (portfolio exception) and
- (iv) clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. (Amendments are to be applied for annual periods beginning on or after 1 July 2014).

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3. 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 except financial instruments that are measured at or fair values at the end of each reporting period, as explained in the accounting policies below.

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.

The principal accounting policies are set out below.

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.

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Consolidated financial statements for the year ended 31 December 2014

3 Significant accounting policies (continued)

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.

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;

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Consolidated financial statements for the year ended 31 December 2014

3 Significant accounting policies (continued)

- 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.

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.

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

Ghana National Petroleum Corporation

Consolidated financial statements for the year ended 31 December 2014

3 Significant accounting policies (continued)

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.

3.5. Foreign currencies

The consolidated financial statements are presented in Cedis, which is also the corporation's functional and presentational currency. The Corporation does not have any foreign operations.

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

Monetary assets and liabilities denominated in foreign currencies are translated to the spot rate of exchange ruling at the reporting date. All differences are taken to the statement of profit or loss and other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at a revalued amount in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.6. Oil exploration, evaluation and development expenditure

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

Ghana National Petroleum Corporation

Consolidated financial statements for the year ended 31 December 2014

3 Significant accounting policies (continued)

(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.

3.7. Oil and gas properties and other property, plant and equipment

3.7.1. 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, the initial estimate of the decommissioning obligation and, for qualifying assets (where relevant), borrowing costs. The purchase price or

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3 Significant accounting policies (continued)

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.

3.7.2. 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%
Furniture & fittings	20%
Office & bungalow equipment	20%
Motor vehicles	25%
Marine vessel & equipment	8%
Other machinery & equipment	5%
Petroleum production equipment	5%

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.

3.7.3. 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.

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3 Significant accounting policies (continued)

3.8. Other intangible assets

3.8.1. 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.

3.9. 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.

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Consolidated financial statements for the year ended 31 December 2014

3 Significant accounting policies (continued)

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.

3.10.1. Financial assets

3.10.1.1. 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.

3.10.1.2. 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.

3.10.1.2.1. 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.

3.10.1.2.2. 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

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3 Significant accounting policies (continued)

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.

3.10.1.2.3. 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 short-term investments which are mainly fixed deposits 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 Company commits to purchase or sell the asset.

3.10.1.2.4. 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.

3.10.1.3. 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.

3.10.1.4. 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

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3 Significant accounting policies (continued)

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.

3.10.2. Financial liabilities

3.10.2.1. 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.

3.10.2.2 Subsequent measurement

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

3.10.2.2.1. 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.

3.10.2.2.2. 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

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3 Significant accounting policies (continued)

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.

3.10.2.2.3. 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.

3.9.3. 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.

3.10 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.

3.12. 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.

3.13. 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

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3 Significant accounting policies (continued)

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.

3.14. 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.

3.14.1. Interest revenue

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 revenue is included in non-trading income in the statement of profit or loss and other comprehensive income.

3.15. Over/under lift

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 "under-lift" or "over-lift". Under-lift and over-lift are disclosed appropriately in the financial statements.

3.16. 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.

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3 Significant accounting policies (continued)

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.

3.17. Employee benefit

The company 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 company contributes 13.5% of employees' basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pension. The company'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 plans define 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 company 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.

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

Ghana National Petroleum Corporation

Consolidated financial statements for the year ended 31 December 2014

3 Significant accounting policies (continued)

related to these taxable services are claimed to the extent that the input VAT is directly attributable to the taxable services.

Deferred tax

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

3.19. Significant accounting judgments, estimates and assumptions

3.19.1. Judgments

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

Joint arrangements

Judgment 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

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3 Significant accounting policies (continued)

arrangement. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Judgment 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 judgment, 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 judgment and the use of estimates regarding the outcome of future events.

3.19.2. 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 judgment 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

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3 Significant accounting policies (continued)

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 Company uses market-observable data to the extent that it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation.

Ghana National Petroleum Corporation

Consolidated financial statements for the year ended 31 December 2014

4. First time adoption of IFRS

These consolidated financial statements, for the year ended 31 December 2014, are the first the Corporation has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2013, the Corporation prepared its financial statements in accordance with local generally accepted accounting principles (Local GAAP). Accordingly, the Corporation has prepared consolidated financial statements which comply with IFRS applicable for periods ending on or after 31 December 2014, together with the comparative period data as at and for the year ended 31 December 2013, as described in the accounting policies. In preparing these consolidated financial statements, the Corporation's opening statement of financial position was prepared as at 1 January 2013, the Corporation's date of transition to IFRS. This note explains the principal adjustments made by the Corporation in restating its Local GAAP statement of financial position as at 1 January 2013 and its previously published Local GAAP consolidated financial statements as at and for the year ended 31 December 2013.

4.1. Exemptions applied by the GNPC

IFRS 1 First-Time Adoption of International Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain IFRS. The Corporation did not apply any of these exemptions.

4.2. Estimates

The estimates at 1 January 2013 and at 31 December 2013 are consistent with those made for the same dates in accordance with Local GAAP (after adjustments to reflect any differences in accounting policies).

The estimates used by the Corporation to present this amount in accordance with IFRS reflect conditions at 1 January 2013, the date of transition to IFRS and as of December 31 2013.

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Consolidated financial statements for the year ended 31 December 2014

4. First time adoption of IFRS (continued)

(a) Reconciliation of equity reported under GNAS to equity reported under IFRS as at 1 January 2013 (date of transition to IFRS)

Description	Notes	Ghana GAAP	Reclassifi- cations	Remeasure- ment	As at 1 st Jan IFRS
Non-current assets					
Property, plant & equipment		7,069,339	(266,151)	-	6,803,188
Intangible assets		-	266,151	-	266,151
Petroleum projects		302,881,843	-	-	302,881,843
Investment in subsidiaries		3,530,250	-	-	3,530,250
Investment in associates		4,277,400	-	-	4,277,400
Investment in Joint Ventures		1,206,090	-	-	1,206,090
Amount due from Gov't of Ghana		<u>102,537,354</u>	<u>-</u>	<u>-</u>	<u>102,537,354</u>
		<u>421,502,276</u>	<u>-</u>	<u>-</u>	<u>421,502,276</u>
Current assets					
Stocks	A	16,981,352	-	(16,829,682)	151,670
Due from related parties	D	26,434,786	-	(13,860,760)	12,574,026
Trade & other receivables		199,568,639	-	-	199,568,639
Short term investments		162,432,768	-	-	162,432,768
Cash & bank balances		<u>17,543,320</u>	<u>-</u>	<u>-</u>	<u>17,543,320</u>
		<u>422,960,865</u>	<u>-</u>	<u>(30,690,442)</u>	<u>392,270,423</u>
Total assets		<u>844,463,141</u>	<u>-</u>	<u>(30,690,442)</u>	<u>813,772,699</u>
Equity & liabilities					
Contributed capital		7,208,020	-	-	7,208,020
Training & technology fund		59,871,624	-	-	59,871,624
Petroleum equity fund		261,320,370	-	-	261,320,370
Petroleum project fund		229,286,649	-	-	229,286,649
Capital surplus	B	14,265,405	-	(14,265,405)	-
Income surplus	B	<u>143,047,511</u>	<u>-</u>	<u>404,645</u>	<u>143,452,156</u>
Total equity		<u>714,999,579</u>	<u>-</u>	<u>(13,860,760)</u>	<u>701,138,819</u>
Non-current liabilities					
Provision		-	869,376	-	869,376
Current liability					
Short term facility		100,529,435	-	-	100,529,435
Creditors		12,104,445	(869,376)	-	11,235,069
Deferred income	C	<u>16,829,682</u>	<u>-</u>	<u>(16,829,682)</u>	<u>-</u>
Total liabilities		<u>129,463,562</u>	<u>-</u>	<u>(16,829,682)</u>	<u>112,633,880</u>
Total liabilities & equity		<u>844,463,141</u>	<u>-</u>	<u>(30,690,442)</u>	<u>813,772,699</u>

Ghana National Petroleum Corporation

Consolidated financial statements for the year ended 31 December 2014

4. First-time adoption of IFRS (continued)

(b) Reconciliation of equity as at 31 December 2013

Description	Notes	Ghana GAAP	Reclassifi- cations	Remeasur- ment	IFRS 31 Dec 2013
Non-current assets					
Property, plant & equipment		8,275,658	(1,043,814)	-	7,231,844
Intangible assets		-	1,043,814	-	1,043,814
Petroleum projects		326,992,822	-	-	326,992,822
Investment in subsidiaries		3,530,250	-	-	3,530,250
Investment in associates		4,277,400	-	-	4,277,400
Investment in Joint Ventures		1,461,090	-	-	1,461,090
Amount due from Government of Ghana		<u>102,537,354</u>	<u>-</u>	<u>-</u>	<u>102,537,354</u>
		<u>447,074,574</u>	<u>-</u>	<u>-</u>	<u>447,074,574</u>
Current assets					
Stocks	A	1,561,968	-	(1,208,175)	353,793
Due from related parties		14,554,289	-	-	14,554,289
Trade & other receivables		391,409,928	-	-	391,409,928
Short term investments		237,990,197	-	-	237,990,197
Cash & bank balances		<u>9,717,810</u>	<u>-</u>	<u>-</u>	<u>9,717,810</u>
		<u>655,234,192</u>	<u>-</u>	<u>(1,208,175)</u>	<u>654,026,017</u>
Total assets		<u>1,102,308,766</u>	<u>-</u>	<u>(1,208,175)</u>	<u>1,101,100,591</u>
Equity & liabilities					
Contributed capital		7,208,020	-	-	7,208,020
Training & technology fund		59,589,700	-	-	59,589,700
Petroleum equity fund		261,143,812	-	-	261,143,812
Petroleum project fund		506,074,304	-	-	506,074,304
Capital surplus		-	-	-	-
Income surplus		<u>213,783,363</u>	<u>-</u>	<u>-</u>	<u>213,783,363</u>
Total equity		<u>1,047,799,199</u>	<u>-</u>	<u>-</u>	<u>1,047,799,199</u>
Non-current liabilities					
Medium term loan		37,658,803	-	-	37,658,803
Provision		-	1,280,839	-	1,280,839
Current liabilities					
Creditors		14,361,750	-	-	14,361,750
Deferred income	C	<u>1,208,175</u>	<u>-</u>	<u>(1,208,175)</u>	<u>-</u>
Total liabilities		<u>54,509,567</u>	<u>-</u>	<u>(1,208,175)</u>	<u>53,301,392</u>
Total liabilities & equity		<u>1,102,308,766</u>	<u>-</u>	<u>(1,208,175)</u>	<u>1,101,100,591</u>

Ghana National Petroleum Corporation

Consolidated financial statements for the year ended 31 December 2014

4. First-time adoption of IFRS (continued)

(c). Reconciliation of the comprehensive income statement under GNAS to statement of comprehensive reported under IFRS for the year ended 31 December 2013

Description	Notes	Ghana GAAP	Reclassifi- -cations	Remeasur- -ment	31 Dec. 2013 IFRS
Sales	E	1,476,373,046	-	(969,684,095)	506,688,951
Government royalties	F	(411,044,613)	-	411,044,613	-
Government share after marketing fee & equity funding	F	<u>(558,639,482)</u>	<u>-</u>	<u>558,639,482</u>	<u>-</u>
Share of crude oil revenue		506,688,951	-	-	506,688,951
		-			
Operating costs		<u>(159,810,306)</u>	<u>-</u>	<u>-</u>	<u>(159,810,306)</u>
Gross margin		346,878,645	-	-	346,878,645
Non- trading income		87,125,663	-	-	87,125,663
Loss from refined products trading		(9,078,240)	-	-	(9,078,240)
Admin & general expenses		(47,027,280)	-	-	(47,027,280)
Petroleum project expenditure		(26,965,435)	-	-	(26,965,435)
Finance cost		<u>(3,991,049)</u>	<u>-</u>	<u>-</u>	<u>(3,991,049)</u>
Net earnings		<u>346,942,304</u>	<u>-</u>	<u>-</u>	<u>346,942,304</u>

Ghana National Petroleum Corporation

Consolidated financial statements for the year ended 31 December 2014

4. First-time adoption of IFRS (continued)

Notes to the consolidated financial statements – First – time adoption of IFRS

A. Inventory

The company has adopted the policy to disclose under and over lifts and as such have derecognised the crude stocks. There is no IFRS standard relating to the treatment of under and over lifts.

B. Capital surplus

In accordance with IAS 16, paragraph 71, when there are no future economic benefits expected from the use of an asset, any credit balance on the revaluation reserve attributed to that asset may be transferred directly to the retained earnings.

This has resulted in the adjustment passed above.

C. Deferred income

Refer to note A above.

D. Due from related parties

Refer to B above.

E. Revenue

Under the local GAAP, the corporation recognised a 100% of the invoice amount of crude lifted.

Under IAS 18, revenue is recognised to the extent that, it is probable that the future economic benefits will flow to the corporation.

Revenue as defined under IAS 18 is the gross inflow of economic benefits (Cash, receivables and other assets) as a result of the corporation's business activities.

From the Petroleum Revenue Management Act 815 (section 7), the only probable economic benefit that will flow to the corporation is the equity finance and cash or the equivalent barrels of oil that shall be ceded to the national oil company out of the carried and participating interests recommended by the Minister and approved by Parliament.

The adjustment passed reflects this position.

F. Government royalties

Refer to note E above.

Ghana National Petroleum Corporation

Consolidated financial statements for the year ended 31 December 2014

4. First-time adoption of IFRS (continued)

5. Revenue

The following is an analysis of the Group's revenue for the year from operations.

	Group		GNPC	
	2014 GHS	2013 GHS	2014 GHS	2013 GHS
Net share of crude oil revenue (Note 5.1)	570,732,911	506,688,951	570,732,911	506,688,951
Net share of gas sales (Note 5.1)	4,265,450	-	4,265,450	-
Bullion revenue	48,223,500	60,569,528	-	-
Services rendered	<u>1,494,240</u>	<u>1,072,751</u>	-	-
	<u>624,716,101</u>	<u>568,331,230</u>	<u>574,998,361</u>	<u>506,688,951</u>

5.1. Analysis of revenue due to GNPC

	2014 GHS	2013 GHS
Sales	2,134,440,591	1,476,373,046
Gov't royalties	<u>(590,739,245)</u>	<u>(411,044,613)</u>
Net crude sales	1,543,701,346	1,065,328,433
Equity financing	<u>(159,839,939)</u>	<u>(157,324,111)</u>
Revenue available to share	<u>1,383,861,407</u>	<u>908,004,322</u>
Sharing		
Due Government of Ghana (70%) / (61.5%)	968,702,985	558,639,482
Due GNPC (30%) / (38.5%)	415,158,422	349,364,840
Total allocation to GNPC		
Equity financing	159,839,939	157,324,111
Project financing	<u>415,158,422</u>	<u>349,364,840</u>
	<u>574,998,361</u>	<u>506,688,951</u>

During the reporting period, the Ghana group, lifted 974,367 barrels of crude in excess of its allocation for the period.

6. Cost of sales

	Group		GNPC	
	2014 GHS	2013 GHS	2014 GHS	2013 GHS
Cost associated to production (note 6.1)	149,555,880	159,810,306	149,555,880	159,810,306
Costs associated with sales	42,214,060	49,220,974	-	-
Costs associated with services	<u>236,695</u>	<u>200,767</u>	-	-
	<u>192,006,635</u>	<u>209,232,047</u>	<u>149,555,880</u>	<u>159,810,306</u>

Ghana National Petroleum Corporation

Consolidated financial statements for the year ended 31 December 2014

4. First-time adoption of IFRS (continued)

6.1 Analysis of cost of production

	Group		GNPC	
	2014 GHS	2013 GHS	2014 GHS	2013 GHS
Jubilee production	108,202,444	101,928,816	108,202,444	101,928,816
Marketing fees	3,724,762	2,347,921	3,724,762	2,347,921
Jubilee capital cost amortisation	<u>37,628,674</u>	<u>55,533,569</u>	<u>37,628,674</u>	<u>55,533,569</u>
	<u>149,555,880</u>	<u>159,810,306</u>	<u>149,555,880</u>	<u>159,810,306</u>

7. Other operating income

	Group		GNPC	
	2014 GHS	2013 GHS	2014 GHS	2013 GHS
Interest on short term investments	20,928,685	643,618	20,928,685	643,618
Services to oil exploration companies	426,666	4,078,014	426,666	4,078,014
Data license fee	10,557,209	3,792,013	10,557,209	3,792,013
Transfer from Training & Tech Fund	15,446,123	5,406,580	15,446,123	5,406,580
Exchange gain	279,494,048	76,378,626	277,875,535	73,043,238
Rental income	139,904	31,734	139,904	31,734
Miscellaneous income	346,108	287,474	320,681	130,466
Disposals	<u>201,823</u>	<u>49,248</u>	<u>199,523</u>	<u>-</u>
	<u>327,540,566</u>	<u>90,667,307</u>	<u>325,894,326</u>	<u>87,125,663</u>

8. Loss from refined products trading

	Group		GNPC	
	2014 GHS	2013 GHS	2014 GHS	2013 GHS
Product sales	408,074,742	-	408,074,742	-
Product cost	(442,366,458)	-	(442,366,458)	-
Financial charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Gross (loss) profit	(34,291,716)	-	(34,291,716)	-
Less: Provision for doubtful debt	<u>-</u>	<u>(9,078,240)</u>	<u>-</u>	<u>(9,078,240)</u>
	<u>(34,291,716)</u>	<u>(9,078,240)</u>	<u>(34,291,716)</u>	<u>(9,078,240)</u>

Terms and Conditions of refined products trading

During the year, GNPC entered into a Strategic Petroleum Reserve Supply and Sales agreement to collaborate with BOST by financing and supplying gasoline and diesel to BOST. In consideration of the financing, profits were to be shared in the proportion of 55% to GNPC and 45% to BOST respectively. The transaction however, turned out to be loss making. GNPC is currently carrying the total loss of GHS34,291,716 on its books.

Ghana National Petroleum Corporation

Consolidated financial statements for the year ended 31 December 2014

4. First-time adoption of IFRS (continued)

9. General and administrative expenses

	Group		GNPC	
	2014 GHS	2013 GHS	2014 GHS	2013 GHS
Personnel emoluments	37,585,447	27,470,597	30,304,281	19,120,171
General operating expenses	21,239,916	17,110,573	15,164,511	11,268,836
Staff retirement scheme	3,279,003	3,865,372	384,997	411,463
Petroleum Foundation	-	6,479,700	-	6,479,700
Exploration promotion expenses	1,133,691	26,817	1,133,691	26,817
Depreciation charge	4,416,675	3,441,609	3,612,649	2,562,514
Board expenses	2,417,527	1,655,132	1,184,856	676,928
MoE capacity building	6,153,256	748,484	6,153,256	748,484
Audit fees	642,600	410,614	546,600	326,614
Bank charges	7,980,593	6,360,755	5,342,677	5,405,753
Maritime boundary special project	<u>2,264,598</u>	<u>-</u>	<u>2,264,598</u>	<u>-</u>
	<u>87,113,306</u>	<u>67,569,653</u>	<u>66,092,116</u>	<u>47,027,280</u>

10. Petroleum project expenditure

	Group		GNPC	
	2014 GHS	2013 GHS	2014 GHS	2013 GHS
Ultra Deep Water Keta Project	1,636,402	937,868	1,636,402	937,868
North & South Project	3,506,576	2,011,463	3,506,576	2,011,463
TEN project	8,078,113	4,857,539	8,078,113	4,857,539
OCTP - ENI Project	2,765,528	1,468,342	2,765,528	1,468,342
Reservoir characterisation	2,657,897	387,585	2,657,897	387,585
HESS block	4,238,921	2,457,187	4,238,921	2,457,187
Jubilee field	<u>25,870,742</u>	<u>14,845,451</u>	<u>25,870,742</u>	<u>14,845,451</u>
	<u>48,754,179</u>	<u>26,965,435</u>	<u>48,754,179</u>	<u>26,965,435</u>

11. Finance cost

	Group		GNPC	
	2014 GHS	2013 GHS	2014 GHS	2013 GHS
Loan interest	<u>-</u>	<u>3,991,049</u>	<u>-</u>	<u>3,991,049</u>

12. Taxation

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

Ghana National Petroleum Corporation

Consolidated financial statements for the year ended 31 December 2014

13. Property plant and equipment

At 31 December 2014

Group

Cost	Leasehold land & buildings GHS	Furniture & fittings GHS	Office equipment GHS	Motor vehicles GHS	Machinery & equipment GHS	Work-in- progress GHS	Linen glass & silver ware GHS	Total GHS
Balance as at 1 /1/14	3,458,395	1,620,717	6,591,730	6,587,677	13,011,932	943,563	62,232	32,276,246
Additions	674,815	489,205	4,602,823	1,829,333	954,815	4,768,534	15,100	13,334,625
Disposals	<u>-</u>	<u>(9,209)</u>	<u>(8,364)</u>	<u>(472,774)</u>	<u>(16,072)</u>	<u>-</u>	<u>-</u>	<u>(506,419)</u>
Total	<u>4,133,210</u>	<u>2,100,713</u>	<u>11,186,189</u>	<u>7,944,236</u>	<u>13,950,675</u>	<u>5,712,097</u>	<u>77,332</u>	<u>45,104,452</u>
Balance as at 1 /1/14	820,301	1,060,941	3,813,058	4,015,337	8,230,084	-	46,079	17,985,800
Additions	250,448	323,892	1,097,358	1,500,486	1,863,633	-	25,520	5,061,337
Disposals	<u>-</u>	<u>(9,209)</u>	<u>(8,364)</u>	<u>(448,679)</u>	<u>(16,072)</u>	<u>-</u>	<u>-</u>	<u>(482,324)</u>
Total	<u>1,070,749</u>	<u>1,375,624</u>	<u>4,902,052</u>	<u>5,067,144</u>	<u>10,077,645</u>	<u>-</u>	<u>71,599</u>	<u>22,564,813</u>
Net book value as at 31 December 2014	3,062,461	725,089	6,284,137	2,877,092	3,873,030	5,712,097	5,733	22,539,639

Ghana National Petroleum Corporation

Consolidated financial statements for the year ended 31 December 2014

13. Property plant and equipment (continued)

At 31 December 2014

GNPC

Cost	Leasehold land & buildings	Furniture & fittings	Office equipment	Motor vehicles	Machinery & equipment	Work -in- progress	Total
	GHS	GHS	GHS	GHS	GHS	GHS	GHS
Balance as at 1 January	1,177,157	508,915	6,591,730	4,350,241	935,276	229,500	13,792,819
Additions	601,940	190,791	4,600,163	1,617,519	52,707	41,003	7,104,123
Disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>(427,227)</u>	<u>-</u>	<u>-</u>	<u>(427,227)</u>
Total	<u>1,779,097</u>	<u>699,706</u>	<u>11,191,893</u>	<u>5,540,533</u>	<u>987,983</u>	<u>270,503</u>	<u>20,469,715</u>
Accumulated depreciation							
Balance as at 1 January	182,083	286,365	3,813,058	2,047,814	231,655	-	6,560,975
Additions	24,506	121,196	1,095,518	1,170,776	281,404	-	2,693,400
Disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>(403,132)</u>	<u>-</u>	<u>-</u>	<u>(403,132)</u>
Total	<u>206,589</u>	<u>407,561</u>	<u>4,908,576</u>	<u>2,815,458</u>	<u>513,059</u>	<u>-</u>	<u>8,851,243</u>
Net book value as at 31 December 2014	1,572,508	292,145	6,283,317	2,725,075	474,924	270,503	11,618,472

Ghana National Petroleum Corporation

Consolidated financial statements for the year ended 31 December 2014

13. Property plant and equipment (continued)

As at 31 December 2013

Group

Cost	Leasehold land & buildings GHS	Furniture & fittings GHS	Office equipment GHS	Motor vehicles GHS	Machinery & equipment GHS	Work-in- progress GHS	Linen glass & silver ware GHS	Total GHS
Bal. as at 1 January	2,686,038	1,423,237	5,663,217	6,206,855	10,094,107	595,091	41,271	26,709,816
Additions	517,790	197,480	928,513	380,822	2,917,825	603,039	20,961	5,566,430
Transfer	<u>254,567</u>	-	-	-	-	<u>(254,567)</u>	-	-
	<u>3,458,395</u>	<u>1,620,717</u>	<u>6,591,730</u>	<u>6,587,677</u>	<u>13,011,932</u>	<u>943,563</u>	<u>62,232</u>	<u>32,276,246</u>
Depreciation								
Bal. as at 1 January	575,376	783,075	2,944,361	2,746,648	6,621,462	-	25,542	13,696,464
Additions	<u>244,925</u>	<u>277,866</u>	<u>868,697</u>	<u>1,268,689</u>	<u>1,608,622</u>	-	<u>20,537</u>	<u>4,289,336</u>
	<u>820,301</u>	<u>1,060,941</u>	<u>3,813,058</u>	<u>4,015,337</u>	<u>8,230,084</u>	-	<u>46,079</u>	<u>17,985,800</u>
Net book value as at 31 December 2013	2,638,094	559,776	2,778,672	2,572,340	4,781,848	943,563	16,153	14,290,446
Net book value as at 31 December 2012	2,110,662	640,162	2,718,856	3,460,207	3,472,645	595,091	15,729	13,013,352

Ghana National Petroleum Corporation

Consolidated financial statements for the year ended 31 December 2014

13. Property plant and equipment (continued)

At 31 December 2013

GNPC

Costs	Leasehold land & buildings GHS	Furniture & fittings GHS	Office equipment GHS	Motor vehicles GHS	Machinery & equipment GHS	Work-in- progress GHS	Total GHS
Balance as at 1 /1/13	747,300	448,905	5,663,217	3,969,419	139,802	450,429	11,419,072
Additions	175,290	60,010	928,513	380,822	795,474	33,638	2,373,747
Transfer	<u>254,567</u>	-	-	-	-	<u>(254,567)</u>	-
	<u>1,177,157</u>	<u>508,915</u>	<u>6,591,730</u>	<u>4,350,241</u>	<u>935,276</u>	<u>229,500</u>	<u>13,792,819</u>
Accumulated depreciation							
Balance as at 1 /1/13	162,616	193,407	2,944,361	1,224,059	91,441	-	4,615,884
Additions	<u>19,467</u>	<u>92,958</u>	<u>868,697</u>	<u>823,755</u>	<u>140,214</u>	-	<u>1,945,091</u>
	<u>182,083</u>	<u>286,365</u>	<u>3,813,058</u>	<u>2,047,814</u>	<u>231,655</u>	-	<u>6,560,975</u>
Net book value as at 31 December 2013	995,074	222,550	2,778,672	2,302,427	703,621	229,500	7,231,844
Net book value at 31 December 2012	584,684	255,498	2,718,856	2,745,360	48,361	450,429	6,803,188

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13.1 Disposal schedule

Group	Cost	Accumulated depreciation	Net book value	Proceeds from sale	Profit/loss on disposal
	GHS	GHS	GHS	GHS	GHS
	Furniture & fittings	9,209	9,209	-	-
Office equipment	8,364	8,364	-	-	-
Motor vehicles	472,774	448,679	24,095	206,643	182,548
Machinery & equipment	<u>16,072</u>	<u>16,072</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>506,419</u>	<u>482,324</u>	<u>24,095</u>	<u>206,643</u>	<u>182,548</u>

GNPC	Cost	Accumulated depreciation	Net book value	Proceeds from sale	Profit/loss on disposal
	GHS	GHS	GHS	GHS	GHS
	Motor vehicles	<u>427,227</u>	<u>403,132</u>	<u>24,095</u>	<u>206,643</u>

14. Intangible assets

Cost	Group		GNPC	
	2014 GHS	2013 GHS	2014 GHS	2013 GHS
Balance as at 1 January	2,183,178	788,092	2,183,178	788,092
Additions	<u>1,432,272</u>	<u>1,395,086</u>	<u>1,432,272</u>	<u>1,395,086</u>
	<u>3,615,450</u>	<u>2,183,178</u>	<u>3,615,450</u>	<u>2,183,178</u>
Amortisation				
Balance as at 1 January	1,139,364	521,941	1,139,364	521,941
Charge for the year	<u>919,248</u>	<u>617,423</u>	<u>919,248</u>	<u>617,423</u>
	<u>2,058,612</u>	<u>1,139,364</u>	<u>2,058,612</u>	<u>1,139,364</u>
Net book value as at 31 December	<u>1,556,838</u>	<u>1,043,814</u>	<u>1,556,838</u>	<u>1,043,814</u>

15. Exploration expenditure

This relate to expenditure made on the following exploration activities.

	Group		GNPC	
	2014 GHS	2013 GHS	2014 GHS	2013 GHS
Balance as at 1 January	7,312,746	4,729,488	-	-
On-going exploration	<u>7,778,344</u>	<u>2,583,258</u>	<u>-</u>	<u>-</u>
Balance as at 31 December	<u>15,091,090</u>	<u>7,312,746</u>	<u>-</u>	<u>-</u>

Ghana National Petroleum Corporation

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16. Petroleum projects

	Group		GNPC	
	2014 GHS	2013 GHS	2014 GHS	2013 GHS
Joint operations				
Jubilee field investment	231,216,757	232,823,342	231,216,757	232,823,342
TEN Projects	<u>311,499,155</u>	<u>37,658,803</u>	<u>311,499,155</u>	<u>37,658,803</u>
	<u>542,715,912</u>	<u>270,482,145</u>	<u>542,715,912</u>	<u>270,482,145</u>
GNPC projects				
South deep water	5,153,669	52,876,916	5,153,669	52,876,916
Voltaian basin project	<u>8,993,449</u>	<u>3,633,761</u>	<u>8,993,448</u>	<u>3,633,761</u>
	<u>14,147,118</u>	<u>56,510,677</u>	<u>14,147,118</u>	<u>56,510,677</u>
	<u>556,863,030</u>	<u>326,992,822</u>	<u>556,863,030</u>	<u>326,992,822</u>

17. Due from government and its agencies

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

	Group		GNPC	
	2014 GHS	2013 GHS	2014 GHS	2013 GHS
Government of Ghana	102,537,354	102,537,354	102,537,354	102,537,354
Ministry of Finance	160,065,000	108,140,000	160,065,000	108,140,000
Tema Oil Refinery	186,971,526	126,318,063	186,971,526	126,318,063
Ghana National Gas Company	<u>112,172,959</u>	<u>72,902,370</u>	<u>112,172,959</u>	<u>72,902,370</u>
Balance at 31 December	<u>561,746,839</u>	<u>409,897,787</u>	<u>561,746,839</u>	<u>409,897,787</u>

18. Inventory

	Group		GNPC	
	2014 GHS	2013 GHS	2014 GHS	2013 GHS
Petroleum product stock	37,691,342	-	37,691,342	-
Non-trade stock	4,617,200	3,940,588	546,083	353,793
	<u>42,308,542</u>	<u>3,940,588</u>	<u>38,237,425</u>	<u>353,793</u>

Summary of lifting for the year

	No. of barrels
First lifting	947,220
Second lifting	947,276
Third lifting	947,574
Fourth lifting	987,415
Fifth lifting	995,230
Sixth lifting	948,894
Seventh lifting	912,346
Eight lifting	<u>995,165</u>
	<u>7,681,120</u>

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During the reporting period, the Ghana group, lifted 974,367 barrels of crude in excess of its allocation for the period. The over-lift would be adjusted in the subsequent period.

19. Due from related parties

This represents the advances and loans given to subsidiaries

	Group		GNPC	
	2014 GHS	2013 GHS	2014 GHS	2013 GHS
Prestea Sankofa	-	-	2,400,933	1,587,251
Saltpond Offshore	19,490,714	12,967,038	19,490,714	12,967,038
GNPC Explorco	-	-	2,399,000	-
	<u>19,490,714</u>	<u>12,967,038</u>	<u>24,290,647</u>	<u>14,554,289</u>

20. Trade and other receivables

	Group		GNPC	
	2014 GHS	2013 GHS	2014 GHS	2013 GHS
Trade debtors - trade marketing	95,836,330	18,588,505	95,836,330	18,588,505
Share of Crude Proceeds from GoG	115,933,865	61,977,661	115,933,865	61,977,661
Sage Petroleum	41,782,847	28,228,514	41,782,847	28,228,514
Other debtors-foreign	48,217,666	11,723,772	48,217,666	11,723,772
Other debtors-local	10,191,724	4,965,793	27,808	11,560
Staff debtors	2,908,715	2,569,060	1,451,061	1,082,824
Input VAT	1,537,933	-	1,537,933	-
Advances & prepayments	2,769,471	339,251	2,769,471	335,751
Bui Power Authority	-	1,500,000	-	1,500,000
Tax credits	<u>1,972,073</u>	<u>1,928,569</u>	<u>1,972,073</u>	<u>1,928,569</u>
	321,150,624	131,821,125	309,529,054	125,377,156
Less: Provision for impairment (Note 20.1)	<u>(61,171,741)</u>	<u>(41,327,661)</u>	<u>(61,171,741)</u>	<u>(41,327,661)</u>
	<u>259,978,883</u>	<u>90,493,464</u>	<u>248,357,313</u>	<u>84,049,495</u>

20.1. Details of impairment

	2014 GHS	2013 GHS
Balance as at 1 January	(41,327,661)	(32,249,422)
Additional provision	<u>(19,844,080)</u>	<u>(9,078,239)</u>
Balance as at 31 December	<u>(61,171,741)</u>	<u>(41,327,661)</u>

Ghana National Petroleum Corporation

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21. Short term investment

	Group		GNPC	
	2014 GHS	2013 GHS	2014 GHS	2013 GHS
Foreign banks	752,305,500	237,975,772	752,305,500	237,975,772
Local banks	<u>16,258</u>	<u>14,425</u>	<u>16,258</u>	<u>14,425</u>
	<u>752,321,758</u>	<u>237,990,197</u>	<u>752,321,758</u>	<u>237,990,197</u>

21.1 Details of short-term investments

Institutions	Investment amount US\$	Interest rate	Tenor (days)	Bank guarantee
Ecobank	50,000,000	5.5%	365	1st KAR Power guarantee
Stanchart	20,000,000	5%	365	-
UBA 1	30,000,000	5%	365	-
UBA 2	25,000,000	6%	365	-
CAL Bank	25,000,000	6%	365	-
UMB	<u>40,000,000</u>	5%	180	VRA Crude purchase support
	<u>190,000,000</u>			

22. Cash and cash equivalent

	Group		GNPC	
	2014 GHS	2013 GHS	2014 GHS	2013 GHS
Bank	76,392,044	9,987,406	75,783,397	9,452,854
Cash	<u>154,254</u>	<u>276,852</u>	<u>144,224</u>	<u>264,956</u>
	<u>76,546,298</u>	<u>10,264,258</u>	<u>75,927,621</u>	<u>9,717,810</u>

23. Stated capital

This represents amount received from Government of Ghana towards the corporation's capitalisation.

24. 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. . Detail of the fund is shown in the statement of changes in equity on pages 9 to 10.

25. Petroleum project fund

This represents the funds set aside to execute the Corporation's projects Detail of the fund is shown in the statement of changes in equity on pages 9 to 10.

Ghana National Petroleum Corporation

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26. Training and technology fund

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

	Group		GNPC	
	2014 GHS	2013 GHS	2014 GHS	2013 GHS
Balance as at 1 January	59,589,700	59,871,624	59,589,700	59,871,624
Additions	36,899,754	5,124,656	36,899,754	5,124,656
Transfer to P & L	<u>(15,446,123)</u>	<u>(5,406,580)</u>	<u>(15,446,123)</u>	<u>(5,406,580)</u>
	<u>81,043,331</u>	<u>59,589,700</u>	<u>81,043,331</u>	<u>59,589,700</u>

27. Medium term loans

	Group		GNPC	
	2014 GHS	2013 GHS	2014 GHS	2013 GHS
TEN Partner financing	311,249,476	37,658,803	311,249,476	37,658,803
Bank loan	11,799,352	-	-	-
	<u>323,048,828</u>	<u>37,658,803</u>	<u>311,249,476</u>	<u>37,658,803</u>

Terms and conditions of loans

The TEN partner financing is the 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.

28. Provision

This represents the liability made for cumulative employees' outstanding leave and the defined benefit obligation of GNPC. Details of the provision are shown below:

	Group		GNPC	
	2014	2013	2014	2013
Balance as at 1 January	1,280,839	869,376	1,280,839	869,376
Bonus	5,596,789	-	5,596,789	-
Increase in provision for outstanding leave	(62,778)	321,372	(62,778)	321,372
Increase in provision for Defined Benefit obligation (Note 28.1)	447,775	90,091	447,775	90,091
Benefits payments	<u>(67,022)</u>	-	<u>(67,022)</u>	-
Balance as at 31 December	<u>7,195,603</u>	<u>1,280,839</u>	<u>7,195,603</u>	<u>1,280,839</u>

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29.1 Defined benefit obligation

The movement in the defined benefit obligation is as follows:

	2014	2013
	GHS	GHS
Balance as at 1 January	273,782	183,691
Service cost	106,911	63,456
Interest cost	68,993	26,635
Actuarial (gain) loss	271,871	-
Benefits payment	<u>(67,022)</u>	<u>-</u>
Balance as at 31 December	<u>654,535</u>	<u>273,782</u>

a. Defined benefit obligation

The company pays its employees a long service benefits. The benefit is paid when employees reach predetermined milestones. The method of accounting and frequency of valuation are similar to the used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually.

The principal actuarial assumptions used are:

Starting health care per capita costs

We based the starting per capita costs on plan experience for 2014. No assumption was made explicitly for morbidity aging factors. Starting Per capita health care cost: GHS3,312.

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

We based assumed rates 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

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29. Short term facility

	Group		GNPC	
	2014	2013	2014	2013
	GHS	GHS	GHS	GHS
Overdraft	<u>4,792,140</u>	<u>6,472,186</u>	<u>-</u>	<u>-</u>

30. Trade and other payables

	Group		GNPC	
	2014	2013	2014	2013
	GHS	GHS	GHS	GHS
Creditors - trade marketing	228,094,050		228,094,050	
Foreign creditors	4,611,165	4,084,657	4,611,165	4,084,657
Local creditors	30,643,216	14,496,954	1,200,718	1,923,940
Accrued charges	756,813	420,864	548,833	326,614
Deposits held	20,363	684,954	20,363	684,954
Staff creditors	1,423,920	1,877,415	1,414,753	1,870,285
VAT	5,423	3,315	-	-
Withholding tax	421,644	192,130	421,644	192,130
Jubilee Partner Financing	<u>53,809,324</u>	<u>5,279,170</u>	<u>53,809,324</u>	<u>5,279,170</u>
	<u>319,785,918</u>	<u>27,039,459</u>	<u>290,120,850</u>	<u>14,361,750</u>

31. Deferred income

	Group		GNPC	
	2014	2013	2014	2013
	GHS	GHS	GHS	GHS
Deferred income - Other	<u>172,994</u>	<u>-</u>	<u>172,994</u>	<u>-</u>

32. Subsidiaries

Investment in subsidiaries	Group		GNPC	
	2014	2013	2014	2013
	GHS	GHS	GHS	GHS
Mole Motel Company Limited	-	-	185,620	185,620
Prestea Sankofa Gold Limited	-	-	3,344,630	3,344,630
GNPC Exploration and Production Company Limited	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>3,531,250</u>	<u>3,530,250</u>

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Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			2014	2013
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%	-

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

Subsidiary	Proportion of ownership interest and voting power held by non-controlling interest		Profit (loss) allocated to non-controlling interest		Accumulated non-controlling interest	
	2014	2013	2014 GHS	2013 GHS	2014 GHS	2013 GHS
Mole Motel Company Ltd	40%	40%	44,626	38,592	183,191	138,565
Prestea Sankofa Gold Limited	10%	10%	<u>(1,224,073)</u>	<u>(487,667)</u>	<u>(1,150,166)</u>	<u>73,907</u>
Total			<u>(1,179,447)</u>	<u>(449,075)</u>	<u>(966,975)</u>	<u>212,472</u>

Summarised financial information in respect of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

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32.2. Mole Limited

	2014	2013
	GHS	GHS
Current assets	249,067	98,762
Non-current assets	<u>461,788</u>	<u>347,448</u>
Total assets	710,855	446,210
Current liabilities	238,453	85,372
Non-current liabilities	-	-
Equity attributable to owners of the Company	283,441	216,503
Non-controlling interests	<u>188,961</u>	<u>144,335</u>
Total equity and liabilities	<u>710,855</u>	<u>446,210</u>
Mole Limited	31/12/14	31/12/13
	GHS	GHS
Revenue	1,494,240	1,072,751
Cost of sales	(236,695)	(200,767)
Other incomes	39,348	27,969
General and administrative expenses	(1,164,129)	(803,474)
Tax expenses	<u>(21,200)</u>	-
Profit (loss) for the year	<u>111,564</u>	<u>96,479</u>
Profit (loss) attributable to owners of the Company	66,938	57,887
Profit (loss) attributable to the non-controlling interests	<u>44,626</u>	<u>38,592</u>
Profit (loss) for the year	111,564	96,479
Other comprehensive income for the year	-	-
Total comprehensive income attributable to owners of the Company	66,938	57,887
Total comprehensive income attributable to the non-controlling interests	<u>44,626</u>	<u>38,592</u>
Total comprehensive income for the year	<u>111,564</u>	<u>96,479</u>

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32.3. Prestea Sankofa Gold

	2014 GHS	2013 GHS
Current assets	16,062,297	10,478,450
Non-current assets	<u>23,150,469</u>	<u>14,023,899</u>
Total assets	<u>39,212,766</u>	<u>24,502,349</u>
Liabilities	46,665,153	19,714,007
Equity attributable to owners of the Company	(6,707,148)	4,309,508
Non-controlling interests	<u>(745,239)</u>	<u>478,834</u>
Total equity & liabilities	<u>39,212,766</u>	<u>24,502,349</u>

	2014 GHS	2013 GHS
Revenue	48,223,500	60,569,528
Cost of sales	(42,214,060)	(49,220,974)
Other incomes	1,606,892	3,513,675
Expenses	<u>(19,857,061)</u>	<u>(19,738,899)</u>
Profit (loss) for the year	<u>(12,240,729)</u>	(4,876,670)
Profit (loss) attributable to owners of the Company	<u>(11,016,656)</u>	(4,389,003)
Profit (loss) attributable to the non-controlling interests	<u>(1,224,073)</u>	<u>(487,667)</u>
Profit (loss) for the year	<u>(12,240,729)</u>	(4,876,670)
Other comprehensive income for the year	-	-
Total comprehensive income attributable to owners of the Company	<u>(11,016,656)</u>	(4,389,003)
Total comprehensive income attributable to the non-controlling interests	<u>(1,224,073)</u>	<u>(487,667)</u>
Total comprehensive income for the year	<u>(12,240,729)</u>	<u>(4,876,670)</u>

33. GNPC Exploration and Production Company Ltd

	2014 GHS	2013 GHS
Non-current assets	<u>2,400,000</u>	-
Total assets	<u>2,400,000</u>	<u>-</u>
Liabilities	-	-
Equity attributable to owners of the Company	2,400,000	-
Non-controlling interests	-	-
Total equity and liabilities	<u>2,400,000</u>	<u>-</u>

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34. Associates and joint ventures

34.1. 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	
			2014	2013
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).

	2014 GHS	2013 GHS
Balance at 31 January	4,186,930	4,240,134
Share of profit (loss) of associate	<u>(166,256)</u>	<u>(53,204)</u>
Balance at 31 December	<u>4,020,674</u>	<u>4,186,930</u>
Details of Associates financial statements		
Total assets	828,261	755,471
Total liabilities	<u>2,152,311</u>	<u>1,414,499</u>
Net assets	<u>(1,324,050)</u>	<u>(659,028)</u>
Share of net assets of associate (25%)	<u>(331,013)</u>	<u>(164,757)</u>
Total revenue of associate	503,645	504,981
Total loss after tax of associate	(665,022)	(212,816)
Other comprehensive income	—	—
Total comprehensive income	<u>(665,022)</u>	<u>(212,816)</u>
Dividends received from the associate during the year	-	-
Share of loss of associate (25%)	<u>(166,256)</u>	<u>(53,204)</u>

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34.2. Joint ventures

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

Investment in Joint Venture	Group		GNPC	
	2014 GHS	2013 GHS	2014 GHS	2013 GHS
Saltpond Offshore Production (SOPCL)	644,211	1,362,786	1,206,090	1,206,090
GNPC-Technip Engineering Services	<u>1,214,560</u>	<u>71,238</u>	<u>255,866</u>	<u>255,000</u>
	<u>1,858,770</u>	<u>1,434,024</u>	<u>1,461,956</u>	<u>1,461,090</u>

Name of Joint venture	Principal activity	Place of incorporation & operation	Proportion of ownership interest and voting power held by the Group	
			2014	2013
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 is 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).

	2014 GHS	2013 GHS
Balance at 31 January	1,434,024	1,504,595
Addition - GNPC Technip	866	255,000
Share of profit (loss) of SOPCL	(718,575)	(141,809)
Share of profit (loss) of GNPC Technip	<u>1,142,456</u>	<u>(183,762)</u>
Balance at 31 December	<u>1,858,770</u>	<u>1,434,024</u>

Details of SOPCL financial statements

Total assets	100,041,990	65,298,245
Total liabilities	<u>143,747,155</u>	<u>93,624,965</u>
Net assets	<u>(43,705,165)</u>	<u>(28,326,720)</u>
Share of net assets of joint venture (45%)	<u>(19,667,324)</u>	<u>(12,747,024)</u>
Total revenue of joint venture	19,017,801	16,009,998
Total loss after tax of joint venture	(1,596,834)	(315,131)
Other comprehensive income	-	-
Total comprehensive income	<u>(1,596,834)</u>	<u>(315,131)</u>
Dividends received from the joint venture during the year	-	-
Share of loss of associate (45%)	(718,575)	(141,809)

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Reconciliation of the above summarised financial information to the carrying amount of the interest in GNPC Technip Engineering Services Limited recognised in the consolidated financial statements

Details of GNPC Technip financial statements

	2014	2013
	GHS	GHS
Total assets	9,829,495	1,710,924
Total liabilities	<u>5,783,850</u>	<u>1,473,465</u>
Net assets	<u>4,045,645</u>	<u>237,459</u>
Share of net assets of joint venture (30%)	1,213,694	71,238
Total revenue of joint venture	12,631,355	366,987
Total profit (loss) after tax of joint venture	3,808,186	(612,541)
Other comprehensive income	—	—
Total comprehensive income	3,808,186	(612,541)
Dividends received from the joint venture during the year	-	-
Share of loss of joint venture (30%)	<u>1,142,456</u>	<u>(183,762)</u>
Share of profit of joint venture	432,168	(325,571)

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

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

31 December 2014	US\$
Trade receivables	126,292,788
Trade payables	(18,296,895)
Cash and cash equivalents	<u>239,563,545</u>
Net assets held in foreign currency	<u>347,559,438</u>
31 December 2013	US\$
Trade receivables	118,506,202
Trade payables	(1,888,597)
Cash and cash equivalents	<u>112,394,005</u>
Net assets held in foreign currency	<u>229,011,610</u>

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

	2014	2013
	GHS	GHS
Exchange rate	<u>3.20</u>	<u>2.16</u>

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Sensitivity analysis on currency risks

A 5% strengthening of the cedi against the following currencies at 31 December 2014 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 2013.

Sensitivity analysis

Effect in Cedis

31 December 2014

Profit or (loss)

USD

(18,694,124)

31 December 2013

Profit or loss

USD

(15,563,978)

Interest rate risk

The company is exposed to interest rate risk on its loans and borrowings.

Profile

At the reporting date, the interest rate profile of the company's interest bearing financial instruments was:

Variable rate instrument	2014 GHS	2013 GHS
Loans	311,249,476	37,658,803

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 on-going 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.

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Set out below is an analysis of various credit exposures.

Group

<i>Amount past due but not impaired</i>	2014	2013
	GHS	GHS
Past due up to 30 days	Nil	Nil
Past due 31-60 days	121,573,696	63,396,236
Past due 61-90 days	11,740,204	6,443,968
Past due 91-120 days	27,808	11,560
Past due 121-150 days	Nil	1,500,000
Past due more than 150 days	749,555,755	470,367,148

GNPC

<i>Amount past due but not impaired</i>	2014	2013
	GHS	GHS
Past due up to 30 days	Nil	Nil
Past due 31-60 days	121,573,696	63,396,236
Past due 61-90 days	Nil	Nil
Past due 91-120 days	27,808	11,560
Past due 121-150 days	Nil	1,500,000
Past due more than 150 days	749,555,755	470,367,148

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:

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Group

As at December 2014

	Less than 1 year GHS	More than 1 year GHS	Total GHS
Interest-bearing loans and borrowings	-	323,048,828	323,048,828
Trade and other payables	<u>319,785,918</u>	<u>-</u>	<u>319,785,918</u>
	<u>319,785,918</u>	<u>323,048,828</u>	<u>642,834,746</u>

As at December 2013

	Less than 1 year GHS	More than 1 year GHS	Total GHS
Interest-bearing loans and borrowings	-	37,658,803	37,658,803
Trade and other payables	<u>27,039,459</u>	<u>-</u>	<u>27,039,459</u>
	<u>27,039,459</u>	<u>37,658,803</u>	<u>64,698,262</u>

GNPC

As at December 2014

	Less than 1 year GHS	More than 1 year GHS	Total GHS
Interest-bearing loans and borrowings	-	311,249,476	311,249,476
Trade and other payables	<u>290,120,850</u>	<u>-</u>	<u>290,120,850</u>
	<u>290,120,850</u>	<u>311,249,476</u>	<u>601,370,326</u>

As at December 2013

	Less than 1 year GHS	More than 1 year GHS	Total GHS
Interest-bearing loans and borrowings	-	37,658,803	37,658,803
Trade and other payables	<u>14,361,750</u>	<u>-</u>	<u>14,361,750</u>
	<u>14,361,750</u>	<u>37,658,803</u>	<u>52,020,553</u>

35. 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 2013.

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.

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36. Fair value measurement and categories of financial instruments

Group

	2014	2013
At amortised cost	Carrying amount	Carrying amount
Financial assets	GHS	GHS
Trade & other receivables (excluding advances & prepayments)	257,209,412	90,154,213
Due from related parties	19,490,714	12,967,038
Short term investments - Fixed deposit	752,320,493	237,990,197
Cash and cash equivalent	<u>76,854,307</u>	<u>10,264,258</u>
	<u>1,105,874,926</u>	<u>351,375,706</u>
Financial liabilities		
Trade and other payables	319,785,918	27,039,459
Medium term loan	323,048,828	37,658,803
Short term facility	<u>4,792,140</u>	<u>6,472,186</u>
	<u>647,626,886</u>	<u>71,170,448</u>

GNPC

	2014	2013
At amortised cost	Carrying amount	Carrying amount
Financial assets	GHS	GHS
Trade and other receivables (excluding advances & prepayments)	245,587,842	83,713,744
Due from related parties	24,290,647	14,554,289
Short term investments - Fixed deposit	752,320,493	237,990,197
Cash and cash equivalent	<u>76,235,630</u>	<u>9,717,810</u>
	<u>1,098,434,612</u>	<u>345,976,040</u>
Financial liabilities		
Trade and other payables	290,120,850	14,361,750
Medium term loans	<u>311,249,476</u>	<u>37,658,803</u>
	<u>601,370,326</u>	<u>52,020,553</u>

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements and the company approximates their fair values.

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37. Related party transactions

Information about subsidiaries

	Principal activity	Country	Percentage of equity/interest	
			2014	2014
Prestea Sankofa Gold Limited	Mining	Ghana	90%	90%
Mole Motel Corporation Limited	Hospitality	Ghana	60%	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 (2013: 45%) and 25% in Airtel Ghana.

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 GHS	Amount due from GHS
Prestea Sankofa Gold Limited	-	2,400,933
Saltpond Oil Producing Company Limited	-	19,490,714
GNPC Exploration and Production Co. Ltd	-	<u>2,399,000</u>
		<u>24,290,647</u>

Transactions with related parties

Transaction with related parties during the year are as follows:

Name of related party	Transaction type	Amount GHS
GNPC Exploration and Production Co. Limited	Advance/Loan	2,399,000
Airtel Ghana Limited	Telecom services	<u>178,783</u>
		<u>2,577,783</u>

Loans to related parties

Name of related party	2014 GHS	2013 GHS
Prestea Sankofa Gold Limited	2,400,933	1,587,251
Saltpond Oil Producing Company Limited	3,782,894	2,354,826
GNPC Exploration and Production Company Limited	<u>2,399,000</u>	-
	<u>8,582,827</u>	<u>3,942,077</u>

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Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. 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 2014, the Corporation has not recorded any impairment of receivables relating to amounts owed by related parties (2013: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

	2014 GHS	2013 GHS
Short term benefits	<u>2,995,343</u>	<u>1,898,229</u>

Directors' remuneration

	2014 GHS	2013 GHS
Board fees	<u>626,239</u>	<u>569,696</u>

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

38. Commitments for expenditure

There was no commitment to any form of capital expenditure.

39. Contingent assets

Petroleum products supplied to Sage Petroleum Limited by the Corporation up to 2012 amounting to US\$13,051,837.42 (GHS41,782,847) 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. Social responsibilities

The Corporation, as part of its corporate social responsibility, has for the 2014 financial year provided support in the areas of education and sports development.

Education: The Corporation sponsored 6 medical students on their international study tour.

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 \$3.0 million is provided annually to support a scholarship scheme. The foundation commenced work in 2013.

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Sports Development: A Headline Sponsorship Agreement (HSA) was signed between Ghana National Petroleum Corporation (GNPC) and Ghana Football Association (GFA) in January 2013, to provide a US\$3million sponsorship per annum for the Senior National Football Team, the Black Stars, over a period of three years.

41. Events after the reporting period

KAR Power Ship

Electricity Company of Ghana has signed a Power Purchase agreement with KAR PowerShip (KPS) to be the off taker of the power and is expected to put in place bank guarantees against early termination and payment of power delivery services. Under the agreement, GNPC has made available \$100m bank guarantee on behalf of ECG to support the off take of power from KPS. The first guarantee of \$50m was put up on 15 March 2015 to cover the Tema powership. A second bank guarantee of \$50m for the second power ship is in the process of being issued.

42. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 26 January, 2016.