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REPORT OF THE AUDITOR-GENERAL ON THE MANAGEMENT OF PETROLEUM FUNDS FOR THE PERIOD 1 JANUARY 2021 TO 31 DECEMBER 2021



This report has been prepared under Section 13 of the Audit Service Act, 2000 (Act 584) for submission to Parliament in accordance with Section 20 of the Act.

**Johnson Akuamoah Asiedu
Auditor-General
Ghana Audit Service
14 June 2022**

This report can be found on the Ghana Audit Service Website: www.ghaudit.org

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TRANSMITTAL LETTER

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14 June 2022

Dear Sir,

REPORT OF THE AUDITOR-GENERAL ON THE MANAGEMENT OF PETROLEUM FUNDS FOR THE PERIOD 1 JANUARY 2021 TO 31 DECEMBER 2021

In accordance with my mandate under Article 187(2) of the Constitution of Ghana and Section 16 of the Audit Service Act, 2000 (Act 584), which mandates me to carry out special audits or reviews and Section 45 of Petroleum Revenue Management Act, 2011 (Act 815) as amended, I have undertaken the audit of the Management of the Petroleum Funds for the period 1 January 2021 to 31 December 2021.

2. I hereby submit my report arising from the audit.

3. Our confirmation of gas sales from the Ghana National Petroleum Corporation (GNPC) indicated that a total value of US\$302,741,637.39 was sold to downstream off-takers whilst US\$345,953,972.10 was also sold to the Ghana National Gas Limited. We noted that a total amount of US\$2,579,170 (2020: US\$2,110,207) was still outstanding from surface rentals as at 31 December 2021. We also noted a general decline in the returns of the Ghana Petroleum Funds' investments from US\$17,548,839 in 2020 to US\$14,192,315 in 2021. We made recommendations to improve operational efficiency.

4. In accordance with Regulation 29(7) of the Audit Service Regulations, 2011 (C.I. 70), the audit was undertaken by Deloitte & Touché for and on behalf of the Auditor-General.

5. I thank the staff of Bank of Ghana, the Petroleum Funds Secretariat, the Ministry of Finance, Controller and Accountant-General, Ghana Gas Company Limited and Ghana National Petroleum Corporation for their assistance and cooperation during the audit.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Johnson Asiedu', with a large, stylized initial 'J'.

**JOHNSON AKUAMOAH ASIEDU
AUDITOR-GENERAL**

**THE RIGHT HON. SPEAKER
OFFICE OF PARLIAMENT
PARLIAMENT HOUSE
ACCRA**

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EXECUTIVE SUMMARY

Execution and significant findings of the audit

1. We have discussed all material findings resulting from our audit of the financial statements with the Managers of the Fund. The findings are in chapter three of the report.

Identified and uncorrected audit adjustments

2. There were no misstatements identified during the audit.

Fraud or presumptive fraud

3. We did not identify any incidence of fraud during the performance of our audit procedures. We refer you to our letter of engagement dated 19 October 2021 and the addendum to the letter which sets out our responsibility in the detection of fraud.

Independence

4. We confirm that all team members on the audit team are independent of the Bank of Ghana and its related entities.

Quality of application of accounting standards

5. Management has applied all relevant updates in the preparation of the financial statements. Our comments on areas of estimation uncertainty requiring judgement and on the application of accounting standards.

Judgment and estimates

6. The financial statements of the Fund are prepared in accordance with International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of accounting. The Fund Managers (Bank of Ghana) apply the provisions of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893) in the management of the Petroleum Funds.

7. No judgements are exercised, and no estimates are made in the management of the Petroleum Funds by the Fund Managers.

CHAPTER ONE

1.0 Introduction

1.1 Reasons for the audit

1. The Petroleum Revenue Management Act, 2011 (Act 815) was passed on 11 April 2011 to provide the framework for the collection, allocation, and management of petroleum revenue in a responsible, transparent, accountable, and sustainable manner for the benefit of the citizens of Ghana in accordance with Article 36 of the Constitution and for related matters.
2. The Act also provided for the establishment of a designated public fund (Petroleum Holding Fund) at the Bank of Ghana to receive and disburse Petroleum Revenue due the Republic.

1.2 Purpose and scope of the audit

3. The objective of the audit is to enable an audit opinion to be expressed on the annual financial statements of the Petroleum Funds required by the Act to be submitted to the Auditor-General. The opinion from the audit will state whether the financial statements present fairly the financial position as at the end of the financial period and the results of operations for the year.
4. The audit covered one-year period ended 31 December 2021.

1.3 Key players and their activities

5. The key players and their activities are provided in Table 1.

Table 1: Key players and their activities

Key player(s)	Activity
Ministry of Finance	<ul style="list-style-type: none">▪ Submits annual report on the Petroleum Fund as part of the overall presentation of budgetary statement.▪ Makes Regulations for the effective performance of this Act.▪ Takes investment decisions regarding the Fund
Bank of Ghana	<ul style="list-style-type: none">▪ Establishes a Petroleum Holding Fund▪ Keeps proper books of accounts▪ Submits to the Auditor-General for audit financial statements and relevant documents within three months after the end of the year to which the accounts
Petroleum Revenue Fund Secretariat	<ul style="list-style-type: none">▪ Manages the Petroleum Revenue Fund.
Investment Advisory Committee	<ul style="list-style-type: none">▪ Advises Ministry of Finance on investment decisions and the general monitoring of the management of the Fund.
Public Interest and Accountability Committee	<ul style="list-style-type: none">▪ Monitors and Evaluates compliance with this Act by Government and relevant institutions.

1.4 Systems description

6. A description of the processes involved in the management of the Petroleum Revenue Fund from initiation to recording is presented as follows:

1.4.1 Narrative of process from lifting to distribution of Petroleum revenue

1.4.2 Lifting proceeds and other income

Initiation

7. For lifting proceeds, GNPC sends an advice covering the value of the sale of the Jubilee, Ten and Sankofa oil cargoes lifted to the Ministry of Finance (MoF). Bank of Ghana (BoG) receives an invoice from GNPC covering the value of the oil from GNPC whenever oil is lifted from the Jubilee, Ten and Sankofa fields.

8. For other income, the Ghana Revenue Authority provides advice regarding corporate taxes, royalties, and surface rentals.

Processing

9. BoG then crosschecks the invoice against the number of barrels lifted and the price per barrel. Details of the lifting are then keyed into the lifting statistics schedule. An advice is sent from the BoG to the MoF, advising the Minister of receipt of proceeds of the lifting into the GHAPET account. MOF sends instructions to the Controller and Accountant General's Department (CAGD) who advises the BoG on how funds are to be distributed.

Distribution

Initiation

10. Distributions are done by the MoF based on the provisions of Act 815 and Act 893.

Processing

11. BoG checks the accuracy of the distribution against the provisions of the Act. Proceeds from liftings are distributed as follows:

- GNPC is reimbursed for expenses/costs incurred in the production of oil. This reimbursement represents GNPC's equity interest in the fields. GNPC provides MoF with an invoice from Tullow Ghana Limited and ENI (the operators) showing total amounts due them as repayment of GNPC's portion of the costs of the oil fields.
- The amount remaining after GNPC has paid its equity financing cost is distributed as follows; GNPC takes 30% as carried and participating interest and 70% becomes available to the Annual Budget Funding Amount (ABFA) and the Petroleum Funds.
- The remaining 70% plus all other income received are shared between the ABFA and the petroleum funds. 70% goes to the ABFA and the remaining 30% goes to the Petroleum Funds; and
- Of the 30% that goes to the petroleum funds, 70% is allocated to Ghana Stabilisation Fund (GSF) and 30% to Ghana Holding Fund (GHF).

12. A flow chart of the process from lifting proceeds to distribution of petroleum revenue is provided as Figure 1 to the report.

1.4.3 Narrative of process for transfer from GSF to other funds

Determination of cap on GSF

13. The National Budget proposes a cap on the Ghana Stabilisation Fund (GSF). The target cap is maintained until a revision is made in subsequent budgets. The BoG informs the MoF when the cap is reached and the excess over the cap is determined.

Distribution

Transfers to the Annual Budget Funding Amount (ABFA)

14. Paragraphs 282 and 283 of the 2021 National Budget set out the ABFA target for the year at US\$421.89 million with a benchmark price of US\$54.75 per barrel of crude oil and benchmark revenue of US\$ 885.7 million. Total transfers to the ABFA during the year was US\$352.79 million (2020:US\$273.38 million). The Annual Budget Funding Amount (ABFA) benchmark for 2021 was set at US\$105.47 million per quarter which was maintained in the Mid-year budget.

15. Petroleum revenues were transferred to the Ghana Petroleum Funds in accordance with Section 23(1) of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015, (Act 893).

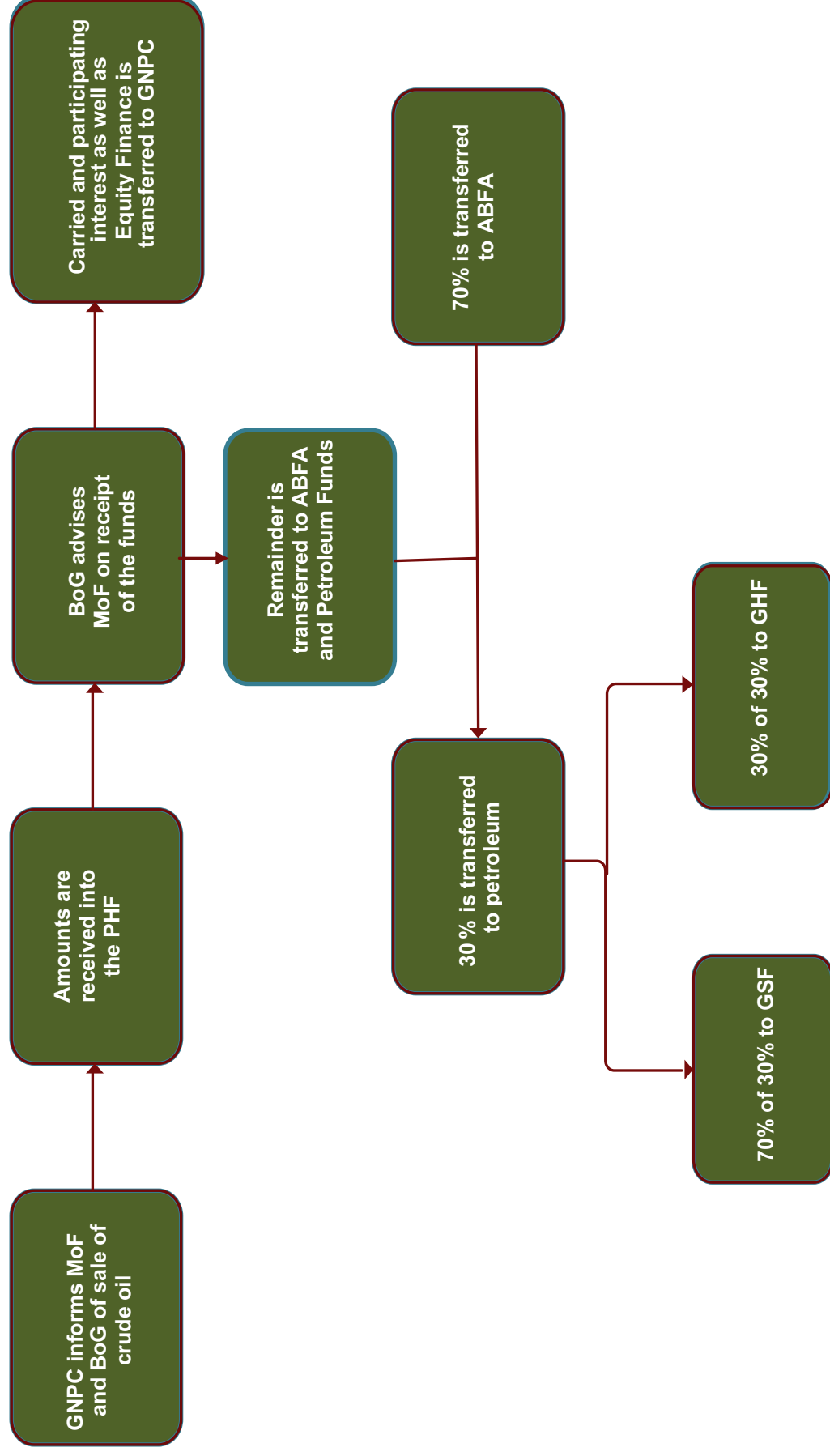
Withdrawals from the Ghana Stabilisation Fund

16. The Ghana Stabilisation fund cap was maintained at US\$100 million in the year 2021 giving rise to an excess of US\$114,982,416.24 which was withdrawn in April 2021 under section 23 of the Petroleum Revenue Management Act (PRMA), Act 815 and 893 as amended

17. The ABFA target was not met in Quarter 1 and Quarter 3 2021 but was achieved in Quarter 2 and Quarter 4 of 2021; per section 12 of the PRMA, Act 815 and Act 893 as amended

18. The balance on the Ghana Stabilisation Fund as at 31 December 2021 was US\$244.89million. (2020:US\$199.99million).

19. Shown in Figure 1 is the flow chart of the process described above on transfers from GSF to Other Funds.



CHAPTER TWO

2.0. Comparative analysis of crude oil liftings and prices

2.1 Lifting analysis – Jubilee Oil Field

20. Total petroleum proceeds accruing from the sale of five (5) Jubilee liftings from the 58th to the 62nd liftings amounted to US\$310.86 million. These liftings took place and proceeds received in 2021.

21. Total barrels for the 5 liftings were 4.79 million as compared with 4.84 million barrels for 5 liftings in 2020. This represents a decrease of 1.03% from the previous year. Details of Lifting Analysis of Jubilee Oil Field are shown in Table 2.

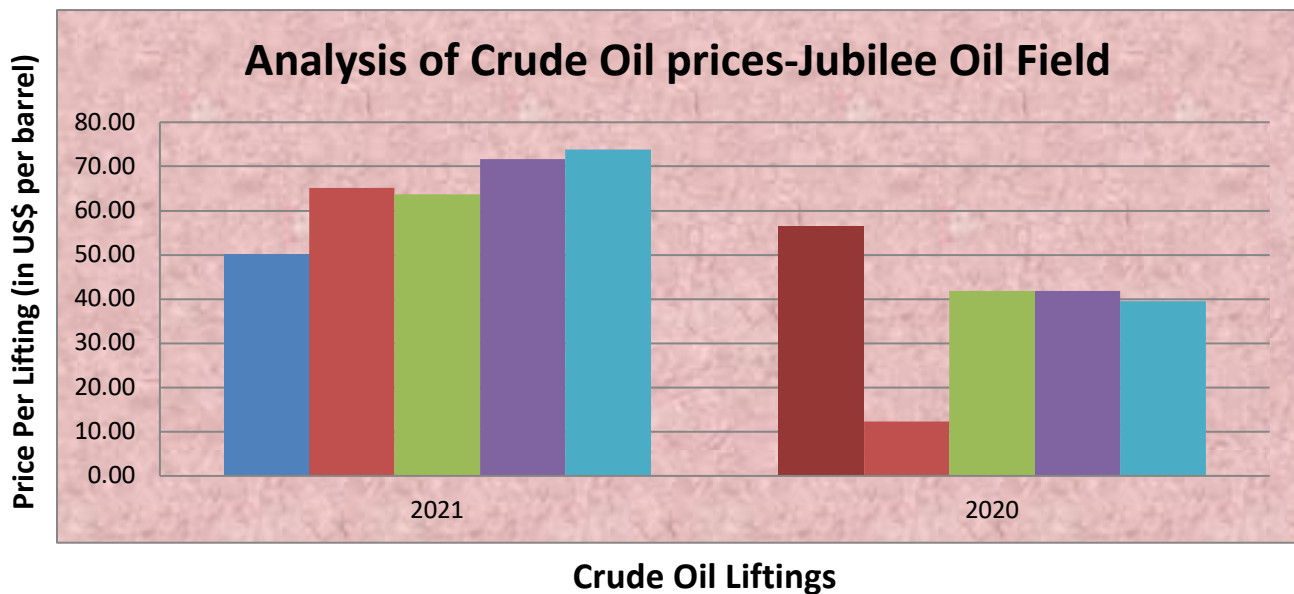
Table 2: Lifting analysis – Jubilee Oil Field

Price per lifting (in US\$ per barrel)					
	1	2	3	4	5
2021	50.05	65.09	63.71	71.68	73.85
2020	56.35	12.32	41.86	41.77	39.59

Source: Invoices from Ghana National Petroleum Corporation (GNPC)

22. A graphical representation of the analysis of crude oil liftings between 2020 and 2021 is shown in figure 2.

Figure 2: Analysis of Crude oil prices



Source: Invoices from Ghana National Petroleum Corporation (GNPC)

2.2 Petroleum price analysis – Jubilee Oil Field

23. Based on our review of invoices from GNPC, 2021 recorded an average of US\$64.88/barrel in petroleum prices as compared with a figure of US\$38.38/barrel representing a 69.04% increase over the 2020 average. This contributed to the increased movement in revenue from sale of crude oil in 2021.

24. Total revenue earned from the Jubilee crude oil liftings amounted to US\$310.864 million, 68.28% higher than US\$184.73million recorded in 2020.

Lifting analysis – TEN Oil Field

25. Total petroleum proceeds accruing from the sale of two (2) TEN liftings (from the 18th to the 19th lifting) amounted to US\$128.72 million. All liftings took place and proceeds received in 2021

26. Total barrels for the 2 liftings were 1.89 million barrels as compared with 3.93 million barrels for 4 liftings in 2020. This represents a decrease of 51.91% from the previous year. Details of lifting analysis of TEN Oil Fields are shown in table 3.

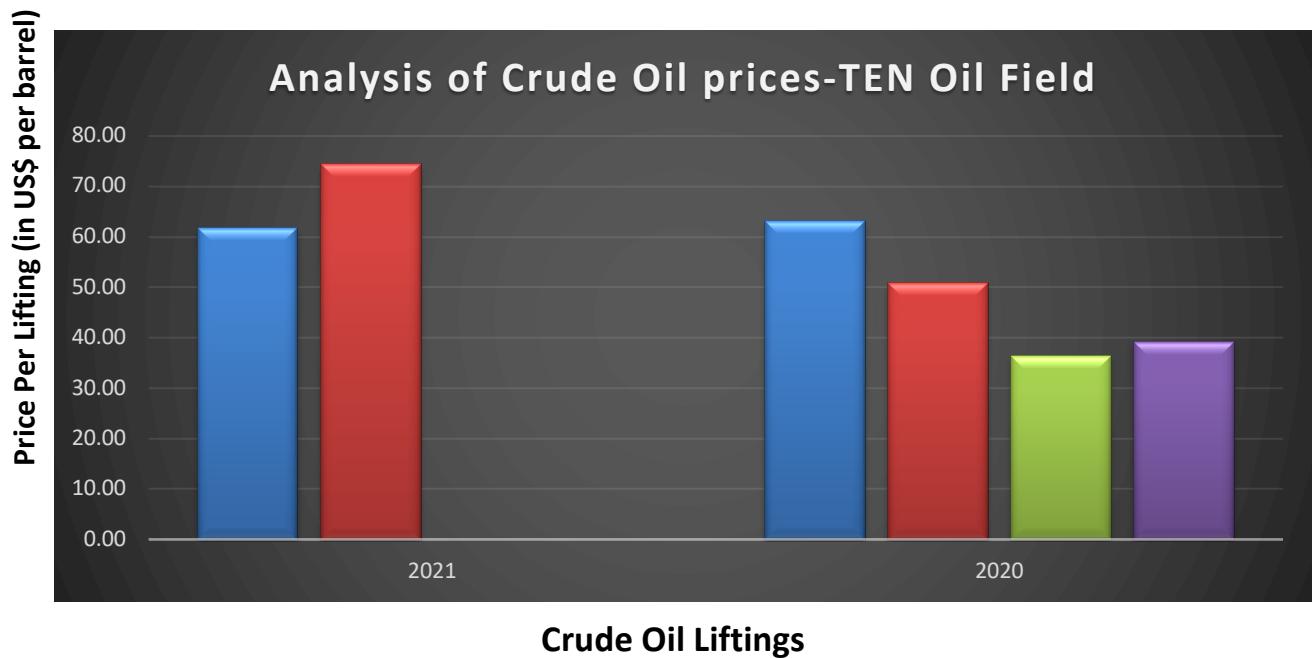
Table 3: Lifting analysis – TEN Oil Field

Price per lifting (in US\$ per barrel)				
	1	2	3	4
2021	61.62	74.43	-	-
2020	63.13	50.80	36.23	39.12

Source: Invoices from Ghana National Petroleum Corporation (GNPC)

27. A graphical representation of the analysis of crude oil liftings between 2020 and 2021 is shown in figure 3.

Figure 3: Analysis of crude oil prices



Crude Oil Liftings

Source: Invoices from Ghana National Petroleum Corporation (GNPC)

Petroleum price analysis - TEN

28. Based on our review of invoices from GNPC, 2021 recorded an average of US\$68.03/barrel in petroleum prices representing a 22.11% decrease over the 2020 average of US\$47.32/barrel. The revenue from the sale of crude oil from the TEN field however reduced due to reduction in the number of liftings of two in 2021 as compared to four liftings in 2020.

29. Total revenue earned from the Ten crude oil liftings amounted to US\$128.72 million, 30.48% lower than the US\$185.17 million recorded in 2020.

Lifting analysis – Sankofa Gye Nyame (SGN) Oil Field

30. Total petroleum proceeds accruing from the sale of two (2) Sankofa Gye Nyame liftings (from the 7th to the 8th lifting) amounted to US\$127.30 million. All liftings took place and proceeds received in 2021.

31. There was also a refund of US\$11.72 million from the Joint Venture (JV) Partners from over-lifting of GNPC's cargo used to offset cash calls from the JV Partners.

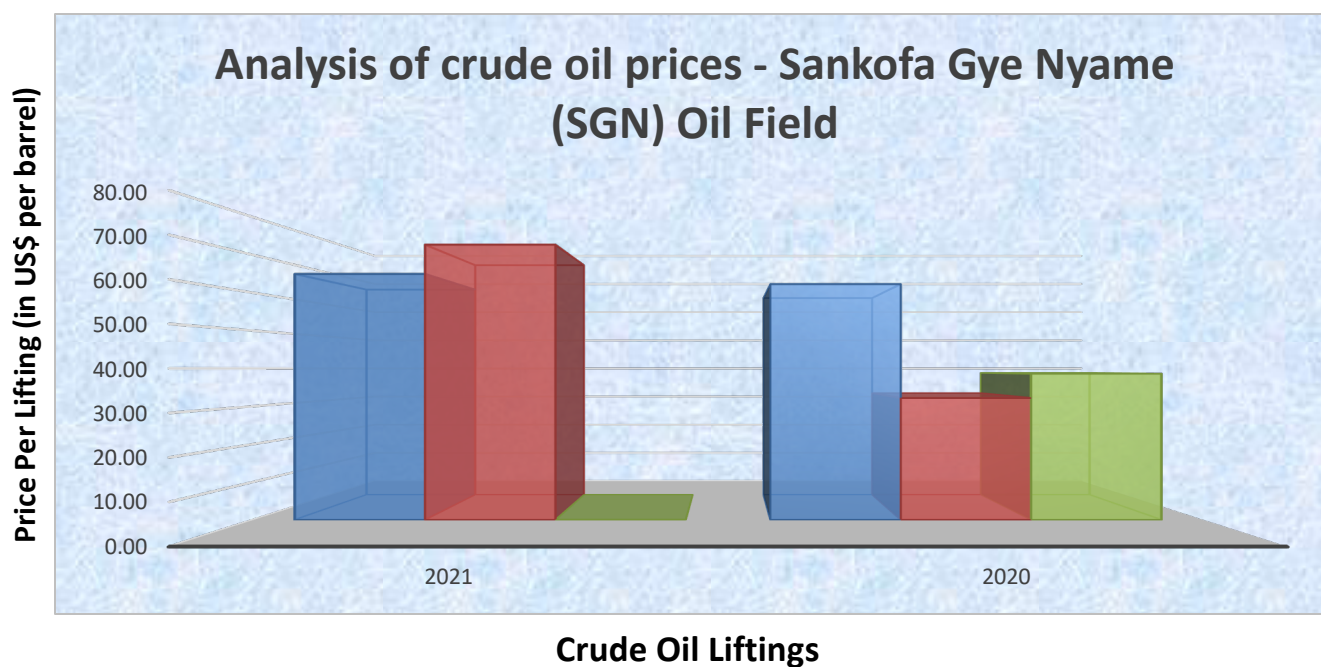
32. Total barrels for the 2 liftings were 1.85 million as compared with 2.85 million barrels for Sankofa's 3 liftings in 2020. This represents a decrease of 35.09% from the previous year. Details of Lifting Analysis of Sankofa Gye Nyame Oil Field are shown in Table 4.

Table 4: Lifting analysis – Sankofa Gye Nyame (SGN) Oil Field

Price per lifting (in US\$ per barrel)			
	1	2	3
2021	64.93	72.65	-
2020	62.26	32.19	38.60

33. A graphical representation of the analysis of crude oil liftings between 2020 and 2021 is shown in Figure 4:

Figure 4: Analysis of Crude Oil prices-Sankofa Gye Nyame



Source: Invoices from Ghana National Petroleum Corporation (GNPC)

Petroleum price analysis – Sankofa

34. Based on our review of invoices from GNPC, 2021 recorded an average of US\$68.79/barrel in petroleum prices as compared with the 2020 average of US\$44.35/barrel representing a 55.11% increase over the 2020 average price.

35. This contributed to a marginal increase in revenue from sale of crude oil in 2021 as there were two liftings in 2021 compared with three liftings in 2020

36. Total revenue earned from the Sankofa crude oil liftings amounted to US\$127.30 million and there was a refund of US\$11.71. This amounted to US\$139.03 million and represented 9.99% higher than the US\$126.39 million recorded in 2020.

Gas and Surface Rentals indebtedness

37. Total gas liftings outstanding as of 31st December 2021 remains at US\$334.26 million (2020: 334.26) million due from Ghana Gas Company Limited. In the same vein, surface rentals due from 11 out of the 17 operating Companies increased from the 2020 indebtedness of US\$2.11 million to US\$2.60 million as at 31st December 2021.

CHAPTER THREE

3.0 Findings and Recommendations

38. We made the following findings on internal controls, among others, for Management's consideration. These recommendations were designed to strengthen business control and improve operational efficiency.

3.1 Government directives on Gas Sales

39. Section 6(a) and (b) of the Petroleum Revenue Management Act, 2011 as amended states that the following shall constitute the gross receipts into the Petroleum Holding Fund: (a) Royalties from oil and gas, additional oil entitlements, surface rentals, other receipts from any petroleum operations and the sale or export of petroleum; (b) any amount from direct or indirect participation of government in petroleum operations. The Act defines Petroleum as crude oil or natural gas or a combination of both.

40. Section 3(4) also states that where the liability of an entity to make a payment is not discharged on or before the due date, the entity shall pay as a penalty, an additional five percent of the original amount for each day of default or the default rate established under any other law, whichever is higher.

41. Our confirmation of gas sales from the Ghana National Petroleum Corporation (GNPC) indicated that a total value of US\$302,741,637.39 was sold to downstream off-takers whilst US\$345,953,972.10 was also sold to the Ghana National Gas Limited.

42. Based on a directive from Cabinet instructing the Minister for Energy to scrap Government Royalties and GNPC Shares in the pricing of Gas for the Energy Sector from the Sankofa field and Jubilee Foundation Gas, these sales were made at a nil value. This was to subsidise power generation in the country.

Details of Gas sold to the downstream off-takers in respect of Government royalties and GNPC CAPI are as follows:

	SANKOFA GAS								
	ROYALTY				CAPI				
Year	Gas volume		Price	Value	Gas volume		Price	VALUE	Total
	MMSCF	MMBTU	\$/MMBtu	US\$	MMSCF	MMBTU	US\$	US\$	US\$
2020	2,828.55	3,112,900.11	9.59	29,852,712.04	10,748.49	11,829,020.41	9.59	113,440,305.74	143,293,017.78
2021	3,250.34	3,587,828.53	9.02	33,218,462.42	12,351.30	13,633,748.40	9.02	126,230,157.19	159,448,619.61
Total	6,078.89	6,700,728.64		63,071,174.46	23,099.79	25,462,768.81		239,670,462.93	302,741,637.39

Details of Foundation Gas from the Jubilee Field sold to the Ghana National Gas Limited for the years 2020 and 2021 at nil value as follows:

	JUBILEE FOUNDATION GAS			
	100% GNPC			
Year	GAS VOLUME		AVERAGE PRICE	VALUE
	MMSCF	MMBTU	\$/MMBtu	US\$
2020	26,414.88	27,999,772.80	5.0447	141,250,453.84
2021	30,997.95	39,677,376.00	5.1592	204,703,518.26
Total	57,412.83	67,677,148.80	-	345,953,972.10

43. We also noted that the outstanding balance due from Ghana Gas Company Limited of US\$334,265,507 prior to the above directive remained outstanding as at 31 December 2021. It is not clear how this outstanding amount is being recovered. There is the risk of this balance being held in the records indefinitely if there is no clear payment plan or any other directives on the recovery of the outstanding balance.

44. The implementation of this directive has a negative impact on the Petroleum Funds as there is a shortfall on the revenue accrued to the Petroleum Holding Fund.

45. We recommended that the Government should take steps to pay the shortfalls in petroleum revenue to the Petroleum Holding Fund and also decision should be taken on the recoverability or otherwise on the outstanding balance due from Ghana Gas Company Limited.

Response by stakeholder(s)

Ghana Revenue Authority (GRA)

46. Section 6(a) of the Petroleum Revenue Management Act 2011, (Act 815) mandates that all revenue arising out of petroleum operations which includes gas operations must be made into to the PHF. However, meetings are still on-going among the major stakeholders including Government to agree on working guidelines in the operations of the sector. Payment plans between Ghana National Petroleum Corporation (GNPC) and Ghana National Gas Company (GNGC) for gas supplied is outstanding. Until such agreements are concluded, the GRA has virtually little to stand on in pursuit of any payments/debts arising from gas operations.

Ghana National Gas Company Limited (GNGCL)

Nil Gas Revenue

47. With regards to gas from the Jubilee and TEN Fields, the GNGCL has not made any commitment into the Petroleum Holding Funds in 2020 and 2021 due to the Energy Sector Debt Recovery Programme (ESRP) introduced by the Government in April 2020. Under the ESRP, the commodity cost is directly paid to GNPC whiles GNGC only receives payment for the processing and transmission services provided. GNPC therefore only receives payment for the processing and transmission services provided. GNPC therefore has the responsibility of making payment into the PHF account and not GNGCL.

Outstanding balance

48. With respect to the outstanding debt of US\$334,265,507, Gas received from GNPC is sold to Volta River Authority (VRA) by GNGCL in the normal course of business. VRA was expected to make payments to GNGCL who in turn makes payment to GNPC for the cost of the commodity. However, VRA has been unable to deliver on their obligations to GNGCL and this situation has made GNGCL financially incapable of meeting its debts commitments to GNPC. The outstanding debt termed as 'legacy debt' is currently being handled by the Ministry of Finance through the debt matrix exercise to continuously reduce the Energy Sector debts to a manageable level using credit note instructions.

Ministry of Energy

49. Whilst we are not in position to ascertain the numbers as contained in the report, we would like to provide a general view regarding the concerns on the directive for the waiver of Government of Ghana (GoG) Royalty and CAPI.

50. The directive was jointly issued by the Ministry of Finance (MoF) and Ministry of Energy (MoEn) with the aim of reducing the weighted average of cost of gas to further reduce the energy sector shortfall, which normally ends up as a cost borne by the MoF. As such, despite the impact the directive has on the PHF, the net financial impact on the GoG purse is neutral, because the PHF shortfall is offset by the reduction in the payment made by GoG in respect of the Energy Sector shortfall.

3.2 Outstanding surface rentals

51. Section 3(2) of the Petroleum Revenue Management Act, (Act 815) states that: The petroleum revenue assessed as due in each month shall be paid by direct transfer into the Petroleum Holding Fund (PHF) by the fifteenth day of the ensuing month by the entities obliged to make the payment.

52. Section 3(4) states that where the liability of an entity to make a payment is not discharged on or before the due date, the entity shall pay as a penalty, an additional five percent of the original amount for each day of default or the default rate established under any other law, whichever is higher.

53. We noted that a total amount of US\$2,579,170 (2020: US\$2,110,207) was still outstanding from surface rentals as at 31 December 2021. Some long outstanding balances include:

Operator	Outstanding balances as at 1 January 2021	2021 estimated amount	Payments during the year	Outstanding balances as at 31 December 2021
	US\$	US\$	US\$	US\$
Exxon Mobil	-	73,700	-	73,700
Springfield Exploration & Production Limited	(16,863)	33,650	-	16,787
Medea Development Ghana Limited	156,540	78,250	(156,500)	78,290
GOSCO Limited	425,870	120,700	(8,725)	537,845
UB Resources Ltd	67,666	37,750	-	105,416
Sahara Energy Fields Ghana Limited	71,935	75,000	-	146,935
Britannia -U	657,708	102,500	-	760,208
Swiss African Oil Company Ltd	712,500	150,000	-	862,500

54. The non-payment of these amounts has reduced amounts available in the Petroleum Funds. Delayed payments are in contravention of the Act and will unduly affect projects earmarked with revenues from the Petroleum sector.

55. Recommended that there should be increased effort to recover these outstanding debts from the defaulting companies to make funds available for the Petroleum Fund.

Response by stakeholder(s)

Ghana Revenue Authority

56. Section 3(1) of the Petroleum Revenue Management Act 2011, (Act 815) places the responsibility for the collection of surface rentals primarily on the Ghana Revenue Authority (GRA). However, the GRA works in collaboration with the sector regulator, the Petroleum Commission in the execution of this mandate.

57. The top five (5) defaulting companies account for over 90% of the US\$2,582,110.22 surface rentals outstanding as at the end of 31st December 2021. These companies coincidentally are behind their work programme obligations which necessitated the Commission to escalate the issues to the Honourable Minister for Energy for the necessary sanctions. The lesser defaulters have however settled their indebtedness for the periods in question.

58. The GRA has independently also initiated garnishment procedures on four defaulters and the related penalties. GOSCO Ltd has however been granted waiver to the liability (and related penalties) due to a force majeure that made it impossible for the company to access the petroleum block since the award of the contract.

59. The GRA will within its mandate continue to vigorously pursue all arrears and associated penalties to ensure that liabilities are fully recovered.

Petroleum Commission

60. The Petroleum Commission acknowledges the outstanding balance amount due from surface rentals/acreage fees.

61. Section 3(1) of the Petroleum Revenue Management Act 2011, Act (815) states that "Petroleum revenue due the Republic derived from whatever source shall be assessed, collected and accounted for by the Ghana Revenue Authority". The law therefore places the responsibility for the collection of surface rental primarily on the Ghana Revenue Authority (GRA). However, as the regulator of the sector, the Petroleum Commission supports and complements the efforts of the GRA in this regard. For instance, the Commission periodically reminds all contractors of their respective contractual obligations including payment of surface rentals.

62. In respect of the surface rental/acreage fees outstanding as of 31 December 2021, it needs to be noted that this relates mainly to

- Payment defaults by the following Operators - Swiss African Oil Company Limited, Britannia -U, Sahara Energy Fields Ghana Limited and UB Resources Ltd, amounting to US\$1,875,059 (approximately 72.7% of the outstanding amount. The default by the Contractors, together with other non-compliance issues, has led to the Hon. Minister for Energy terminating the Petroleum Agreements of the four (4) operators in April 2021. The outstanding balances and penalties are expected to be recovered by GRA. For instance, as of 17th of May 2022, Sahara Energy Field had paid US\$71,935 of its outstanding balance;
- The termination of the four petroleum agreements in April 2021 which has led to the pro-rated amount of US\$243,500, representing unearned surface rental/acreage fees from the affected Contract Areas for the remaining 8 months in 2021. The Commission and GRA will take steps to adjust the said amount from the 2021 outstanding surface rental/acreage fees due.
- Sustained claim of force majeure by GOSCO on the East Keto Contract Area resulting in the halt of activities and suspension of the payment of surface rental/acreage fees (amount outstanding is US\$537,720 as of December 2021). The Commission and the GRA will consider suspending surface rental/acreage fees assessment for the East Keto Contract Area until the force majeure is abated.
- Reorganisation of Deepwater Cape Three Point joint venture partnership arising from the exit of Exxon Mobil in May 2021. Goil Offshore as the caretaker Operator, has duly been notified of the surface rental/acreage fees outstanding balance of US\$73,700.

3.3 Return on Investments

63. Section 27 of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893) indicates that the Funds are invested in qualifying instruments prescribed by Executive Instrument. The range of instruments designated as qualifying instruments shall be reviewed every three (3) years or sooner by the Minister on the advice of the Investment Advisory Committee.

64. We noted a general decline in the returns of the Ghana Petroleum Funds' investments from US\$17,548,839 in 2020 to US\$14,192,315 in 2021. Details are:

Ghana Stabilisation Fund

	2021	2020	2019
	US\$	US\$	US\$
Investment income	646,522	2,319,826	8,222,605
Fund balance	244,888,359	199,989,121	388,591,942
Return on Funds invested (%)	0.26	1.16	2.12

Ghana Heritage Fund

	2021	2020	2019
	US\$	US\$	US\$
Investment income	13,545,793	15,229,013	13,764,011
Fund balance	726,537,951	644,787,187	579,612,329
Return on Funds invested (%)	1.86	2.36	2.37

65. The total returns of US\$14.19 million on the Funds invested represent a 19.15% reduction from that of 2020 (US\$17.55 million) even though the Funds invested continue to increase over the years.

66. There is a risk that a continuous decline in the returns on the investment will affect the future value of the Funds.

67. We recommended that the investment mix for both Ghana Stabilisation Fund and Ghana Heritage Fund should be reviewed for possible maximisation of the return for these investments.

Response by stakeholder(s)

Bank of Ghana

68. The U.S. Federal Open Market Committee (FOMC) throughout 2021 held its benchmark target interest rate at 0-0.25%, down from 1.50-1.75% in Q1 2020. This was in response to the effects and risks posed by the covid-19 pandemic which in-turn had a direct impact on return on investments. The U.S Treasury and the Global Aggregate Bond indices as a result, returned negative 2.31% and negative 4.85% respectively in 2021.

69. Bank of Ghana, as part of the Petroleum Revenue Management Act (PRMA) amendment review, has submitted detailed analysis on changes to the qualifying instruments via a Strategic Asset Allocation (SAA) paper, for consideration to the Investment Advisory Committee (IAC), to help the Ghana Petroleum Funds meet their policy objectives.

70. We are yet to receive responses from the Ministry of Finance.

Status of prior year audit issues

71. The status of implementations of findings and recommendations made in the previous audit report No. AG.01/109/Vol.2/161 of 08 July 2021 refers. One (1) out of the four (4) observations has been resolved whiles the outstanding observations have been revisited in the current audit. Details are provided in table 6.

Table 6: Status of prior year audit issues

Observation(s)	Status
<p>3.1 Tax reviews of upstream Oil companies</p> <p>We noted a general delay in the final tax audits of the upstream and midstream petroleum companies as required by Section 36 of the Revenue Administration Act, (Act 915). As at 15 April 2021, the Ghana Revenue Authority has concluded tax reviews of the upstream companies up to 31 December 2017 whilst 2018 is still on-going. Tax payments by these companies were initially based on their quarterly self-assessments and subsequently on their annual report. A tax audit is expected to bring to finality any amounts due the State from these companies in respect of taxation.</p>	<p>Comprehensive tax audits continue to be conducted on all upstream producing companies in stipulated cycles. It is worth noting that the third round of tax audits have been completed and the issues raised in the audits are being finalized. These discussions will as usual serve as the basis of the next round of tax audits. The GRA will continue enhance audit processes to ensure that taxpayers in the sector are audited more regularly.</p>
<p>3.2 Non-receipt of revenue (Gas and surface rentals)</p> <p>We noted that amounts due from gas operations of US\$334,265,507.08 as at 31 December 2020 continue to remain outstanding. Amounts due from surface rentals also increased to US\$2,110,207(2019: US\$1,672,663). The outstanding amount is attributable to seven (7) out of the eighteen (18) companies in operation. Penalties accruing on these outstanding amounts are estimated at US\$17billion per section 3(4) of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).</p>	<p>These issues have been addressed in the sections above.</p>
<p>3.3 Revised Operations Management Agreement (OMA) not finalised</p> <p>We noted the existence of an Operations Management Agreement (OMA) between the Ministry of Finance and the Bank of Ghana on the management of the Petroleum Funds signed on 14 December 2012. Following the amendment to the Petroleum Revenue Management Act, 2011, we noted the existence of a revised OMA which is in draft stage, yet to be finalised and put into execution. The updated Agreement is required to align the provisions of the amended Act.</p>	<p>On- going</p> <p>We are yet to receive updates from the Ministry of Finance.</p>
<p>3.4 GNPC Equity financing payments</p> <p>We noted a payment of US\$7,278,584.06 was disbursed to GNPC under the Sankofa Equity Financing Disbursement (Level A) during the year under review. This was in respect of the third and fourth instalment payments of a GCB Bank loan taken to facilitate the movement of the Karpower Barge from Tema to Takoradi. Our review of the documentation indicated that a loan amount of US\$25 million was applied and granted by GNPC from GCB Bank Limited in October 2018. An additional loan of US\$6million was applied for in March 2019, resulting in a total</p>	<p>On-going</p> <p>We are yet to receive updates for the GNPC.</p>

<p>loan facility of US\$31 million. This is to be paid in 10 quarterly instalments from 31 August 2019 at an interest rate of 9.125%. The first and second instalments were paid in 2019. Even though we sighted the approval of Ministry of Finance for the release of funds for the payment of the loan instalments due, we did not sight approval from the Ministry on the amount borrowed.</p>	
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CHAPTER FOUR

4.0 Annual Report and Financial Statements for the Year Ended 31 December 2021

GENERAL INFORMATION

Fund managers:	Dr. Ernest Yedu Addison Stephen Opata George Kwasi Owusu Samuel Anin	Governor, Bank of Ghana Head of Financial Markets, Bank of Ghana Chief Manger, Financial Market, Bank of Ghana Head of Petroleum Funds Secretariat, Financial Markets Department, Bank of Ghana
Registered office:	Bank of Ghana 1 Thorpe Road P.O. Box GP 2674 Accra, Ghana	
Independent auditor:	Deloitte & Touché Chartered Accountants The Deloitte Place, Plot No. 71 Off George Walker Bush Highway North Dzorwulu P. O. Box GP 453 Accra	
State auditor:	Office of the Auditor-General Audit Service Ministries Block 'O' P. O. Box MB.96 Ministries Accra GA-110-8787	
Bankers:	Federal Reserve, Bank of New York Euroclear SA/NV	

REPORT OF THE FUND MANAGERS

72. The Fund Managers submit their report together with the audited financial statements of Petroleum Funds (the “Funds”) for the year ended 31 December 2021, which disclose the state of affairs of the Funds.

Statement of Fund Managers’ responsibilities

73. The Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893) requires the managers of the Petroleum Funds (Bank of Ghana) to prepare financial statements that give a true and fair view of the state of the affairs of the Petroleum Funds as at the end of each financial year and of its receipts, disbursements, investments and withdrawals for the year then ended. The Fund Managers are required to ensure that proper accounting records are kept that disclose with reasonable accuracy, the petroleum receipts, distributions, investments and withdrawals from the Petroleum Funds for each year.

74. The Fund Managers accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies in conformity with the International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of Accounting.

75. The Fund Managers further accept responsibility for the proper maintenance of accounting records that may be relied upon in the preparation of these financial statements, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements.

Principal activities

76. The Fund Managers are mandated to collect and distribute petroleum funds to various stakeholders and to undertake investment activities with the funds (Ghana Petroleum Funds) based on the provisions of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

Financial results

77. The results of the year and position of the Petroleum Funds are set out on pages 9 to 13. The Petroleum Holding Fund received a total of US\$783.33 million (2020:US\$666.40 million) as petroleum revenue during the year under review. The total funds received for the year and the 2020 undistributed receipts of

US\$40.61 million (2019:US\$12.86 million) were distributed as follows as detailed in table 7.

Table 7: Financial results

	2021 US\$'million	2020 US\$'million
Ghana National Petroleum Corporation (GNPC)	228.33	198.65
Annual Budget Funding Amount (ABFA)	352.79	273.38
Ghana Stabilisation Fund	159.24	116.63
Ghana Heritage Fund	<u>68.25</u>	<u>49.98</u>
Total	<u>808.61</u>	<u>638.64</u>

78. Undistributed funds in the Petroleum Holding Fund (PHF) as at 31 December 2021 was US\$15.32 million (31 December 2020: US\$40.61 million).

79. Investment income earned on the Ghana Stabilisation Fund and the Ghana Heritage Fund during the year was US\$0.65 million (2020:US\$2.32 million) and US\$13.55 million (2020:US\$15.23 million) respectively.

Transfers to the Annual Budget Funding Amount (ABFA)

80. Paragraphs 282 and 283 of the 2021 National Budget set out the ABFA target for the year at US\$421.89 million with a benchmark price of US\$54.75 per barrel of crude oil and benchmark revenue of US\$ 885.7 million. Total transfers to the ABFA during the year was US\$352.79 million (2020:US\$273.38 million). The Annual Budget Funding Amount (ABFA) benchmark for 2021 was set at US\$105.47 million per quarter which was maintained in the Mid-year budget.

81. Petroleum revenues were transferred to the Ghana Petroleum Funds in accordance with Section 23(1) of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

Withdrawals from the Ghana Stabilisation Fund

82. The Ghana Stabilisation fund cap was maintained at US\$100 million in the year 2021 giving rise to an excess of US\$114,982,416.24 which was withdrawn in April 2021 under section 23 of the Petroleum Revenue Management Act (PRMA), Act 815 and 893 as amended.

83. The ABFA target was not met in Quarter 1 and Quarter 3 2021 but was achieved in Quarter 2 and Quarter 4 of 2021; per section 12 of the PRMA, Act 815 and Act 893 as amended.

Approval of financial statements

The financial statements of the Petroleum Funds was approved by the Fund Managers on 6/6/22 and signed on their behalf as follows:

Name of Fund manager: Ernest Addison
Signature: [Signature]
Date: 13/6/2022

Name of Fund manager: George Kwasi Owu
Signature: [Signature]
Date: 13/6/22

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PARLIAMENT OF THE REPUBLIC OF GHANA

Report on the Audit of the Management of Petroleum Funds' Financial Statements

Our Opinion

84. We have audited the financial statements of the Petroleum Funds, set out on pages 9 to 29, which comprise:

- The income and expenditure account for the year ended 31 December 2021
- The statement of affairs as at 31 December 2021
- The Petroleum Holding Fund statement of cash receipts and disbursement for the year then ended
- The Ghana Stabilisation Fund Statement of deposits and withdrawals for the year then ended
- The Ghana Heritage Fund Statement of deposits and withdrawals for the year then ended
- The notes to the financial statements, which include a summary of significant accounting policies and other explanatory disclosures

85. In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Petroleum Funds as at 31 December 2021 and of its financial performance, receipts and disbursement and deposits and withdrawals for the year then ended in accordance with International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of Accounting and in the manner required by the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act 2015 (Act 893).

Basis for Opinion

86. We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report which were obtained prior to the date of this auditor's report.

87. We are independent of the Fund in accordance with the requirements of the International Federation of Accountants Code of Ethics for Professional Accountants (including International Independent Standards) (the Code) issued by the International Ethics and Standards Board for Accountants (IESBA) and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

89. The Fund Managers are responsible for the other information. The other information is the Report of the Fund Managers which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

91. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

92. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Fund Managers for the Financial Statements

93. The Fund Managers are responsible for the preparation of financial statements that give a true and fair view in accordance with International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of Accounting and with the requirements of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management Amendment Act, 2015 (Act 893) and for such internal control, as the Fund Managers determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

95. The Fund Managers are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Managers.
- Conclude on the appropriateness of the Fund Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Fund's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

100. The Petroleum Revenue Management Act, 2011(Act 815) as amended by the Petroleum Revenue Management Amendment Act, 2015 (Act 893) requires that in carrying out our audit, we consider and report on the following matters. We confirm that:

- i) In our opinion, proper books of accounts have been kept in managing the Petroleum Funds as far as appears from our examination of those books;
- ii) Payment due to and disbursement from the Petroleum Funds have been duly made; and
- iii) The Petroleum Funds have been managed in accordance with the provisions of the Petroleum Revenue Management Act, 2011(Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

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



For and on behalf of Deloitte & Touché (ICAG/F/2021/129)

Chartered Accountants

The Deloitte Place, Plot No. 71

Off George Walker Bush Highway

North Dzorwulu

Accra, Ghana

14th June,
..... 2022

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2021

(All amounts in US Dollars)

	Note	2021	2020	2019
Investment income	9a	14,192,315	17,548,839	21,986,616
Less:				
Bank charges	10	<u>(52,263)</u>	<u>(47,451)</u>	<u>(33,261)</u>
Surplus for the year		<u>14,140,052</u>	<u>17,501,388</u>	<u>21,953,355</u>
Income reserve				
Balance brought forward		60,549,858	45,855,445	32,562,132
Surplus income for the year		14,140,052	17,501,388	21,953,355
Withdrawal from Ghana Stabilisation Fund		<u>(1,277,345)</u>	<u>(2,806,985)</u>	<u>(8,660,042)</u>
		<u>73,412,565</u>	<u>60,549,848</u>	<u>45,855,445</u>

The notes on pages 36 to 50 are an integral part of these financial statements.

STATEMENT OF AFFAIRS

As at 31 December 2021

(All amounts are in US Dollars)

Assets	Note	2021	2020	2019
Investments	11a	918,371,969	828,821,461	464,694,174
Bank balances	12	<u>68,376,389</u>	<u>56,561,350</u>	<u>516,368,884</u>
Total assets		<u>986,748,358</u>	<u>885,382,811</u>	<u>981,063,058</u>
Financed by:				
Fund balances	13	913,335,793	824,832,963	935,207,613
Reserves	15	<u>73,412,565</u>	<u>60,549,848</u>	<u>45,855,445</u>
Total funds & reserves		<u>986,748,358</u>	<u>885,382,811</u>	<u>981,063,058</u>

The financial statements on pages 31 to 50 were approved by the Fund Managers on 6/6/22 and signed on their behalf as follows:

Name of Fund manager: Dr. Ewa A. Adeniran

Signature: Ewa A. Adeniran

Date: 13/6/2022

Name of Fund manager: George Kwasi Aducci

Signature: George Kwasi Aducci

Date: 13/6/22

The notes on pages 36 to 50 are an integral part of these financial statements.

PETROLEUM HOLDING FUND ACCOUNT

for the year ended 31 December 2021

Statement of cash receipts and disbursements

(All amounts are in US Dollars)

	Note	2021	2020	2019
Opening Balance		40,606,502	12,858,782	226,471
Total Receipts	3	<u>783,325,850</u>	<u>666,390,751</u>	<u>937,668,191</u>
Total Funds Available		<u>823,932,352</u>	<u>679,249,533</u>	<u>937,894,662</u>
Less Distribution to:				
GNPC Equity Finance	4	(157,785,208)	(154,816,042)	(155,374,492)
GNPC Share of Crude oil Carried & Participating Interest	5	(70,543,513)	(43,833,177)	(105,184,034)
Annual Budget Funding Amount	6	(352,789,222)	(273,382,369)	(395,471,682)
Ghana Stabilisation Fund	7	(159,244,656)	(116,628,009)	(188,303,970)
Ghana Heritage Fund	8	<u>(68,247,710)</u>	<u>(49,983,434)</u>	<u>(80,701,702)</u>
Total Amount Distributed		<u>(808,610,309)</u>	<u>(638,643,031)</u>	<u>(925,035,880)</u>
Undistributed Receipts		<u>15,322,043</u>	<u>40,606,502</u>	<u>12,858,782</u>

Undistributed receipts on the Petroleum Holding Funds of US\$15.32 million related to corporate income taxes of US\$15.11 million, Petroleum Holding Fund (PHF) overnight interest of US\$8,575.42 and the minimum PHF balance of US\$200,000. These were yet to be distributed at the end of the year due to the timing of receipt.

The notes on pages 36 to 50 are an integral part of these financial statements.

GHANA STABILISATION FUND ACCOUNT

for the year ended 31 December 2021

Statement of deposits and withdrawals

(All amounts are in US Dollars)

	Note	2021	2020	2019
Opening balance		199,989,121	388,591,942	381,203,229
Receipts from distribution	7	<u>159,244,656</u>	<u>116,628,009</u>	<u>188,303,970</u>
Total		359,233,777	505,219,951	569,507,199
Add:				
Gross interest received	9b.1	646,522	2,319,826	8,222,605
Less bank charges	10	<u>(9,524)</u>	<u>(9,863)</u>	<u>(7,444)</u>
Total fund balance		359,870,775	507,529,914	577,722,360
Less withdrawals	14	<u>(114,982,416)</u>	<u>(307,540,793)</u>	<u>(189,130,418)</u>
Accumulated reserve		<u><u>244,888,359</u></u>	<u><u>199,989,121</u></u>	<u><u>388,591,942</u></u>

The notes on pages 36 to 50 are an integral part of these financial statements.

GHANA HERITAGE FUND ACCOUNT

for the year ended 31 December 2021

Statement of deposits and withdrawals

(All amounts are in US Dollars)

	Note	2021	2020	2019
Opening balance		644,787,187	579,612,329	485,172,433
Receipts from distribution	8	<u>68,247,710</u>	<u>49,983,433</u>	<u>80,701,702</u>
Total		713,034,897	629,595,762	565,874,135
Add:				
Gross interest received	9b.2	13,545,793	15,229,013	13,764,011
Less bank charges	10	<u>(42,739)</u>	<u>(37,588)</u>	<u>(25,817)</u>
Total fund balance		726,537,951	644,787,187	579,612,329
Less withdrawals		<u>-</u>	<u>-</u>	<u>-</u>
Accumulated reserve		<u>726,537,951</u>	<u>644,787,187</u>	<u>579,612,329</u>

The notes on pages 36 to 50 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

1) Mandate

The Bank of Ghana is responsible for the management of petroleum revenue in a responsible, transparent, accountable and sustainable manner for the benefit of the citizens in Ghana in accordance with the Petroleum Revenue Management Act, 2011, (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

1.1 Major funds

Petroleum Holding Fund (Section 2 of Act 815)

The Petroleum Holding Fund is the designated public fund at the Bank of Ghana that receives and disburses petroleum revenue due the Republic. Petroleum revenues are deposited into this fund for subsequent transfers in accordance with Section 11 of Act 815 as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

The Ghana Petroleum Funds comprise the Ghana Stabilisation Fund and Ghana Heritage Fund. The Ghana Petroleum Funds receives 30% allocation (net of GNPC carried & participating interest and equity financing cost) from the Petroleum Holding Fund. In addition, petroleum revenues in excess of the Annual Budget Funding Amount (ABFA) is also allocated to the Ghana petroleum Funds. The Annual Budget Funding Amount represents the amount of petroleum revenue allocated for spending in the financial year budget.

The Ghana Stabilisation Fund (Section 9 of Act 815) is a fund established to cushion the impact on or sustain public expenditure capacity during periods of unanticipated petroleum revenue shortfalls. The Ghana Stabilisation Fund receives from the Petroleum Holding Fund:

- Twenty one percent (21%) of petroleum revenue net of GNPC payments and,
- Seventy percent (70%) of the excess petroleum revenue remaining after the target for the annual budget funding amount for the quarter is met.

The Ghana Heritage Fund (Section 10 of Act 815 and section 3 of Act 893) is a fund established to provide an endowment to support development for future generations when petroleum reserves have been depleted. The Ghana Heritage Fund receives from the Petroleum Holding Fund:

- Nine percent (9%) of petroleum revenue net of GNPC payments and
- Thirty percent (30%) of the excess petroleum revenue remaining after the target for the annual budget funding amount for the quarter is met.

1.2 Transfers

Apart from transfers made from the Petroleum Holding Fund to the Ghana Petroleum Funds, transfers are also made to the Ghana National Petroleum Corporation (GNPC) and Consolidated Fund (Annual Budget Funding Amount). Transfers made to GNPC are to enable the corporation to meet its equity financing obligations in respect of producing fields and also a share of net carried and participating interest to meet specific planned activities approved in the National Budget. The transfers made into the Annual Budget Funding Amount (ABFA) are to support the national budget.

2. Summary of significant accounting policies

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Public Sector Accounting Standards under Cash Basis of accounting (Cash basis IPSAS) as issued by International Public Sector Account Standards Board. The financial statements also comply with the requirements of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

2.2 Income recognition

Income is recognised when cash is received.

2.3 Expenditure recognition

Expenses are recognised when payments are made.

2.4 Investments

Investments are shown at the actual amount paid for securities purchased. Changes in the market value of investments are not recognised until the investment is sold. Gains or losses are recognised in the income and expenditure account as investment income or expense.

2.5 Bank balances

Bank balances consist of balances held in approved bank accounts for the Ghana Petroleum Funds and the Petroleum Holding Fund.

(All amounts are in US Dollars)

3. Total receipts

	Note	2021	2020	2019
Ghana Group Oil Lifting Proceeds	3a	578,613,887	496,286,198	742,782,094
Corporate tax payments	3b	203,854,804	168,773,046	191,137,447
Surface rentals	3c	826,816	928,552	1,109,538
Other receipts	3d	30,343	402,955	2,639,112
Total funds received		<u>783,325,850</u>	<u>666,390,751</u>	<u>937,668,191</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

(All amounts are in US Dollars)

3.a Ghana Group Oil Lifting Proceeds

	2021	2020	2019
Jubilee 47th Lifting	-	-	57,002,043
Jubilee 48th Lifting	-	-	66,846,477
Jubilee 49th Lifting	-	-	64,500,218
Jubilee 50th Lifting	-	-	64,229,486
Jubilee 51st Lifting	-	-	60,105,063
Jubilee 52nd Lifting	-	-	60,839,827
Jubilee 53rd Lifting	-	53,646,416	-
Jubilee 54th Lifting	-	12,234,465	-
Jubilee 55th Lifting	-	41,617,431	-
Jubilee 56th Lifting	-	39,746,796	-
Jubilee 57th Lifting	-	37,482,030	-
Jubilee 58th Lifting	47,600,852	-	-
Jubilee 59th Lifting	64,801,280	-	-
Jubilee 60th Lifting	60,456,501	-	-
Jubilee 61st Lifting	67,989,357	-	-
Jubilee 62nd Lifting	70,015,868	-	-
TEN 10th Lifting	-	-	54,201,161
TEN11th Lifting	-	-	63,169,415
TEN 12th Lifting	-	-	64,852,671
TEN13th Lifting	-	-	59,545,461
TEN14th Lifting	-	59,711,894	-
TEN15th Lifting	-	50,537,880	-
TEN16th Lifting	-	36,011,284	-
TEN17th Lifting	-	38,904,475	-
TEN18th Lifting	58,230,449	-	-
TEN19th Lifting	70,493,248	-	-
SANKOFA 2nd Lifting	-	-	70,002,598
SANKOFA 3rd Lifting	-	-	57,487,674
SANKOFA 4th Lifting	-	59,153,664	-
SANKOFA 5th Lifting	-	30,559,737	-
SANKOFA 6th Lifting	-	36,680,126	-
SANKOFA 7th Lifting	61,604,711	-	-
SANKOFA 8th Lifting	65,699,704	-	-
SANKOFA excess of overlift	11,721,917	-	-
Total proceeds from oil lifting	<u>578,613,887</u>	<u>496,286,198</u>	<u>742,782,094</u>

Total lifting proceeds comprised of lifting proceeds from the Jubilee Fields, the Tweneboa Enyenra Ntomme (TEN) Oil Field and the **Sankofa Gye-Nyame** (SGN) Fields.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

(All amounts are in US Dollars)

3. b Corporate tax payments

	2021	2020	2019
Kosmos Energy Ghana Limited	107,298,063	40,639,336	41,533,712
Tullow Ghana Limited	43,446,418	31,409,391	75,000,000
Anadarko	47,691,778	86,419,605	65,969,170
Petro SA	5,418,545	10,304,714	8,634,565
Total corporate tax payments	203,854,804	168,773,046	191,137,447

3.c Surface rentals

	2021	2020	2019
Tullow Ghana Limited	77,725	77,725	77,725
ENI Ghana EP Limited	115,580	115,580	96,211
AGM Petroleum Limited	143,674	204,527	174,100
AMNI Petroleum Dev Co. Limited	13,974	13,974	13,974
Medea Development International Limited	156,500	-	-
Erin Energy Limited	75,000	222,295	-
GNPC Operating Services (GOSCO)	8,725	22,238	-
Petro Gulf Limited	-	-	47,230
Petro SA	-	14,113	-
Blue Star Exploration Ghana Limited	-	-	13,538
Springfield Exploration Limited	-	33,650	33,650
Exxon Mobil Exploration Limited	-	73,700	55,245
Sahara Energy Fields Ghana Limited	-	-	409,315
UB Group	-	-	37,800
Aker Energy Ghana Limited	150,750	150,750	150,750
Eco Atlantic Ghana Limited	84,888	-	-
Total	826,816	928,552	1,109,538

3.d Other receipts

	2021	2020	2019
Interest on Late Payment	-	177,654	-
Interest earned on Petroleum Holding Fund	30,343	225,301	2,639,112
Total - Other receipts	30,343	402,955	2,639,112

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

(All amounts are in US Dollars)

4. Transfers to GNPC Equity Finance Cost

	2021	2020	2019
Jubilee 47th Lifting	-	-	11,710,085
Jubilee 48th Lifting	-	-	18,410,730
Jubilee 49th Lifting	-	-	11,577,418
Jubilee 50th Lifting	-	-	8,793,514
Jubilee 51st Lifting	-	-	12,109,339
Jubilee 52nd Lifting	-	-	10,604,569
Jubilee 53rd Lifting	-	12,332,465	-
Jubilee 54th Lifting	-	7,170,960	-
Jubilee 55th Lifting	-	29,634,826	-
Jubilee 56th Lifting	-	15,556,450	-
Jubilee 57th Lifting	-	9,537,611	-
Jubilee 58th Lifting	10,940,939	-	-
Jubilee 59th Lifting	17,967,706	-	-
Jubilee 60th Lifting	23,302,114	-	-
Jubilee 61st Lifting	22,244,260	-	-
Jubilee 62nd Lifting	21,798,581	-	-
TEN 10th Lifting	-	-	16,049,175
TEN11th Lifting	-	-	18,704,710
TEN 12th Lifting	-	-	19,203,129
TEN 13th Lifting	-	-	17,631,642
TEN14th Lifting	-	17,680,925	-
TEN15th Lifting	-	22,339,463	-
TEN16th Lifting	-	13,788,082	-
TEN17th Lifting	-	14,582,066	-
TEN18th Lifting	17,242,263	-	-
TEN19th Lifting	25,873,326	-	-
SANKOFA 3rd Lifting	-	-	10,580,181
SANKOFA 5th Lifting	-	12,193,194	-
SANKOFA 7th Lifting	14,703,541	-	-
SANKOFA excess of overlift	3,712,478	-	-
Total transfers	157,785,208	154,816,042	155,374,492

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

(All amounts are in US Dollars)

5. GNPC Share of Crude Oil Carried & Participating Interest (Crude Oil)

	2021	2020	2019
Jubilee 47th Lifting	-	-	8,826,518
Jubilee 48th Lifting	-	-	8,947,403
Jubilee 49th Lifting	-	-	10,489,489
Jubilee 50th Lifting	-	-	11,266,053
Jubilee 51st Lifting	-	-	9,378,469
Jubilee 52nd Lifting	-	-	9,988,959
Jubilee 53rd Lifting	-	7,913,393	-
Jubilee 54th Lifting	-	497,173	-
Jubilee 55th Lifting	-	118,705	-
Jubilee 56th Lifting	-	3,937,271	-
Jubilee 57th Lifting	-	5,252,657	-
Jubilee 58th Lifting	7,022,135	-	-
Jubilee 59th Lifting	8,637,575	-	-
Jubilee 60th Lifting	6,096,715	-	-
Jubilee 61st Lifting	8,044,749	-	-
Jubilee 62nd Lifting	8,617,143	-	-
TEN 10th Lifting	-	-	7,222,129
TEN11th Lifting	-	-	8,417,119
TEN 12th Lifting	-	-	8,641,408
TEN 13th Lifting	-	-	7,934,239
TEN14th Lifting	-	7,956,416	-
TEN15th Lifting	-	4,521,508	-
TEN16th Lifting	-	3,860,887	-
TEN17th Lifting	-	4,265,205	-
TEN18th Lifting	7,759,018	-	-
TEN19th Lifting	7,892,996	-	-
SANKOFA 3rd Lifting	-	-	14,072,248
SANKOFA 5th Lifting	-	5,509,962	-
SANKOFA 7th Lifting	14,070,351	-	-
SANKOFA Excess of Overlift	2,402,831	-	-
Total transfers	70,543,513	43,833,177	105,184,034

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

(All amounts are in US Dollars)

6. Transfer to Annual Budget Funding Amount (ABFA)

	2021	2020	2019
Jubilee 47th Lifting	-	-	47,402,044
Jubilee 48th Lifting	-	-	38,673,877
Jubilee 49th Lifting	-	-	29,892,123
Jubilee 50th Lifting	-	-	9,728,840
Jubilee 51st Lifting	-	-	27,318,599
Jubilee 52nd Lifting	-	-	28,049,760
Jubilee 53rd Lifting	-	23,380,391	-
Jubilee 54th Lifting	-	28,106,407	-
Jubilee 55th Lifting	-	8,328,286	-
Jubilee 56th Lifting	-	16,257,304	-
Jubilee 58th Lifting	49,694,891	-	-
Jubilee 59th Lifting	26,791,974	-	-
Jubilee 60th Lifting	21,740,371	-	-
Jubilee 61st Lifting	26,390,568	-	-
Jubilee 62nd Lifting	27,761,282	-	-
TEN 10th Lifting	-	-	74,504,618
TEN11th Lifting	-	-	5,083,442
TEN 12th Lifting	-	-	26,030,620
TEN 13th Lifting	-	-	23,785,705
TEN14th Lifting	-	59,438,016	-
TEN15th Lifting	-	16,730,587	-
TEN16th Lifting	-	14,317,912	-
TEN17th Lifting	-	23,081,181	-
TEN18th Lifting	30,712,091	-	-
TEN19th Lifting	70,408,961	-	-
SANKOFA 2nd Lifting	-	-	49,252,268
SANKOFA 3rd Lifting	-	-	35,749,786
SANKOFA 4th Lifting	-	41,855,872	-
SANKOFA 5th Lifting	-	9,775,757	-
SANKOFA 6th Lifting	-	32,110,656	-
SANKOFA 7th Lifting	47,968,435	-	-
SANKOFA 8th Lifting	13,323,169	-	-
SANKOFA Excess of Overlift	37,997,480	-	-
Total transfers	352,789,222	273,382,369	395,471,682

The annual budget funding amount target for 2021 was set at US\$105.47 million per quarter during the mid-year and was maintained.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

(All amounts are in US Dollars)

7. Transfer to Ghana Stabilisation Fund

	2021	2020	2019
Jubilee 47th Lifting	-	-	14,220,613
Jubilee 48th Lifting	-	-	11,602,163
Jubilee 49th Lifting	-	-	8,967,637
Jubilee 50th Lifting	-	-	52,308,600
Jubilee 51st Lifting	-	-	8,195,580
Jubilee 52nd Lifting	-	-	8,537,578
Jubilee 53rd Lifting	-	7,014,117	-
Jubilee 54th Lifting	-	8,431,922	-
Jubilee 55th Lifting	-	2,498,486	-
Jubilee 56th Lifting	-	4,877,191	-
Jubilee 57th Lifting	-	15,884,234	-
Jubilee 58th Lifting	14,908,467	-	-
Jubilee 59th Lifting	8,037,592	-	-
Jubilee 60th Lifting	6,522,111	-	-
Jubilee 61st Lifting	7,917,171	-	-
Jubilee 62nd Lifting	8,328,385	-	-
TEN 10th Lifting	-	-	22,351,385
TEN11th Lifting	-	-	21,674,901
TEN 12th Lifting	-	-	7,809,186
TEN 13th Lifting	-	-	7,135,712
TEN14th Lifting	-	17,831,405	-
TEN15th Lifting	-	5,019,176	-
TEN16th Lifting	-	4,295,373	-
TEN17th Lifting	-	6,924,354	-
TEN18th Lifting	9,213,627	-	-
TEN19th Lifting	21,122,688	-	-
SANKOFA 2nd Lifting	-	-	14,775,680
SANKOFA 3rd Lifting	-	-	10,724,935
SANKOFA 4th Lifting	-	12,556,762	-
SANKOFA 5th Lifting	-	2,932,727	-
SANKOFA 6th Lifting	-	28,362,262	-
SANKOFA 7th Lifting	21,568,346	-	-
SANKOFA 8th Lifting	36,698,944	-	-
SANKOFA excess of overlift	24,927,325	-	-
Total transfers	159,244,656	116,628,009	188,303,970

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

(All amounts are in US Dollars)

8. Transfer to Ghana Heritage Fund

	2021	2020	2019
Jubilee 47th Lifting	-	-	6,094,549
Jubilee 48th Lifting	-	-	4,972,356
Jubilee 49th Lifting	-	-	3,843,273
Jubilee 50th Lifting	-	-	22,417,971
Jubilee 51st Lifting	-	-	3,512,391
Jubilee 52nd Lifting	-	-	3,658,962
Jubilee 53rd Lifting	-	3,006,050	-
Jubilee 54th Lifting	-	3,613,681	-
Jubilee 55th Lifting	-	1,070,780	-
Jubilee 56th Lifting	-	2,090,225	-
Jubilee 57th Lifting	-	6,807,529	-
Jubilee 58th Lifting	6,389,343	-	-
Jubilee 59th Lifting	3,444,682	-	-
Jubilee 60th Lifting	2,795,191	-	-
Jubilee 61st Lifting	3,393,073	-	-
Jubilee 62nd Lifting	3,569,308	-	-
TEN 10th Lifting	-	-	9,579,165
TEN11th Lifting	-	-	9,289,243
TEN 12th Lifting	-	-	3,346,794
TEN 13th Lifting	-	-	3,058,162
TEN14th Lifting	-	7,642,031	-
TEN15th Lifting	-	2,151,075	-
TEN16th Lifting	-	1,840,874	-
TEN17th Lifting	-	2,967,580	-
TEN18th Lifting	3,948,697	-	-
TEN19th Lifting	9,052,581	-	-
SANKOFA 2nd Lifting	-	-	6,332,435
SANKOFA 3rd Lifting	-	-	4,596,401
SANKOFA 4th Lifting	-	5,381,469	-
SANKOFA 5th Lifting	-	1,256,883	-
SANKOFA 6th Lifting	-	12,155,256	-
SANKOFA 7th Lifting	9,243,577	-	-
SANKOFA 8th Lifting	15,728,119	-	-
SANKOFA Excess of Overlift	10,683,139	-	-
Total transfers	68,247,710	49,983,433	80,701,702

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

(All amounts are in US Dollars)

9a. Investment income

	2021	2020	2019
Ghana Stabilisation Fund Investment Income (Note 9b.1)	646,522	2,319,826	8,222,605
Ghana Heritage Fund Investment Income (Note 9.2)	<u>13,545,793</u>	<u>15,229,013</u>	<u>13,764,011</u>
Total Income	<u>14,192,315</u>	<u>17,548,839</u>	<u>21,986,616</u>

9b.1 Investment income received is classified in the following categories

	2021	2020	2019
Ghana Stabilisation Fund			
Bond	272,895	1,052,203	1,748,521
US Treasury Bill	366,799	516,195	954,033
Over-night income	<u>6,828</u>	<u>751,428</u>	<u>5,520,051</u>
Total	<u>646,522</u>	<u>2,319,826</u>	<u>8,222,605</u>

	2021	2020	2019
Ghana Heritage Fund			
Bond	13,006,049	14,577,617	10,893,908
US Treasury Bill	533,439	144,557	499,178
Over-night income	<u>6,305</u>	<u>506,839</u>	<u>2,370,925</u>
Total	<u>13,545,793</u>	<u>15,229,013</u>	<u>13,764,011</u>

10. Bank Charges

	2021	2020	2019
Ghana Stabilisation Fund	9,524	9,863	7,444
Ghana Heritage Fund	<u>42,739</u>	<u>37,588</u>	<u>25,817</u>
Total	<u>52,263</u>	<u>47,451</u>	<u>33,261</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

(All amounts are in US Dollars)

11.a Investments

	2021	2020	2019
Ghana Stabilisation Fund	244,295,049	197,662,640	63,221,467
Ghana Heritage Fund	674,076,920	<u>631,158,821</u>	<u>401,472,707</u>
Total	<u>918,371,969</u>	<u>828,821,461</u>	<u>464,694,174</u>

11.b Custodian bank used

	Euroclear	Federal Reserve	Total
Ghana Stabilisation Fund	166,642,278	77,652,771	244,295,049
Ghana Heritage Fund	<u>323,191,332</u>	<u>350,885,588</u>	<u>674,076,920</u>
Total	<u>489,833,610</u>	<u>428,538,359</u>	<u>918,371,969</u>

Interest income of US\$5,038,271 attributable to the total investment of US\$918,371,969 held as at 31 December 2021, is receivable in 2022. The table below shows the details.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

(All amounts are in US Dollars)
11.c Investment schedule

		Cost of investment (USD)			Face Value of investment (USD)			Accrued interest: Dec. 31, 2021			
Type of Security	Duration	Heritage Fund	Stabilisation Fund	Total	Heritage Fund	Stabilisation Fund	Total	Coupon Range %	Heritage Fund	Stabilisation Fund	Total
T-bill	91 day - 1yr	81,252,798	224,334,946	305,587,744	78,926,000	222,205,000	301,131,000	0.09 - 2.75	788,878	355,496	1,144,373
Bonds	1-2 yrs.	57,119,153	11,964,973	69,084,126	57,000,000	11,800,000	68,800,000	0.25 - 3.00	531,142	47,995	579,137
Bonds	2-3 yrs.	91,541,828	7,995,129	99,536,958	91,000,000	8,000,000	99,000,000	0.725 - 2.875	560,688	9,833	570,521
Bonds	3-5 yrs.	141,730,919	-	141,730,919	137,298,000	-	137,298,000	0.262 - 2.894	932,868	-	932,868
Bonds	5-6 yrs.	23,491,521	-	23,491,521	23,350,000	-	23,350,000	1.625 - 3	718,076	-	718,076
Bonds	6-7 yrs.	73,993,793	-	73,993,793	74,400,000	-	74,400,000	1.5 - 2.875	86,957	-	86,957
Bonds	7-10 yrs.	51,631,967	-	51,631,967	49,285,000	-	49,285,000	1.625 - 5.25	150,122	-	150,122
Bonds	10-20 yrs.	69,308,989	-	69,308,989	55,073,000	-	55,073,000	1.125 - 5	422,964	-	422,964
Bonds	20-30 yrs.	84,005,953	-	84,005,953	78,203,000	-	78,203,000	2.25 - 8	433,252	-	433,252
Total		674,076,921	244,295,048	918,371,969	644,535,000	242,005,000	886,540,000		4,624,947	413,324	5,038,271

(All amounts are in US Dollars)

12. Bank Balances

	2021	2020	2019
Ghana Stabilisation Fund	593,312	2,326,485	325,370,477
Ghana Heritage Fund	52,461,034	13,628,363	178,139,625
Petroleum Holding Fund	<u>15,322,043</u>	<u>40,606,502</u>	<u>12,858,782</u>
Total	<u>68,376,389</u>	<u>56,561,350</u>	<u>516,368,884</u>

13. Fund Balances (Allocation to Ghana Petroleum Funds from inception from Petroleum Holding Fund)

	2021	2020	2019
Ghana Stabilisation Fund	1,546,452,995	1,387,208,346	1,270,580,337
Ghana Heritage Fund	653,677,568	585,429,856	535,446,425
Petroleum Holding Fund	<u>15,322,043</u>	<u>40,606,502</u>	<u>12,858,782</u>
Total	<u>2,215,452,606</u>	<u>2,013,244,704</u>	<u>1,818,885,544</u>
Withdrawal from Ghana Stabilisation Fund	<u>(1,302,116,813)</u>	<u>(1,188,411,741)</u>	<u>(883,677,931)</u>
Closing balance	<u>913,335,793</u>	<u>824,832,963</u>	<u>935,207,613</u>

An analysis of petroleum receipts and disbursements is presented below:

	Petroleum Holding Fund	Ghana Stabilisation Fund	Ghana Heritage Fund
Year ended 31 December 2021			
Balance at 1 January 2021	40,606,502	198,796,605	585,429,858
Total receipts from lifting	<u>783,325,850</u>	<u>159,224,656</u>	<u>68,247,710</u>
	823,923,352	358,021,261	653,677,568
Total disbursements	<u>(808,610,309)</u>	<u>(113,705,071)</u>	-
Balance at 31 December 2021	<u>15,322,043</u>	<u>244,316,190</u>	<u>653,677,568</u>

(All amounts are in US Dollars)

13. Fund Balances (Allocation to Ghana Petroleum Funds from inception from Petroleum Holding Fund) - continued

	Petroleum Holding Fund	Ghana Stabilisation Fund	Ghana Heritage Fund
Year ended 31 December 2020			
Balance at 1 January 2020	12,858,782	386,902,406	535,446,425
Total receipts from distribution	<u>666,390,751</u>	<u>116,628,009</u>	<u>49,983,433</u>
	679,249,533	503,530,415	585,429,858
Total disbursements	<u>(638,643,031)</u>	<u>(304,733,810)</u>	<u>-</u>
Balance at 31 December 2020	<u>40,606,502</u>	<u>198,796,605</u>	<u>585,429,858</u>
	Petroleum Holding Fund	Ghana Stabilisation Fund	Ghana Heritage Fund
Year ended 31 December 2019			
Balance at 1 January 2019	226,471	379,068,812	454,744,423
Total receipts from distribution	<u>937,668,191</u>	<u>188,303,970</u>	<u>80,701,702</u>
	937,894,662	567,372,782	535,446,425
Total disbursements	<u>(925,035,880)</u>	<u>(180,470,376)</u>	<u>-</u>
Balance at 31 December 2019	<u>12,858,782</u>	<u>386,902,406</u>	<u>535,446,425</u>

Funds accounts represents the Petroleum receipts and disbursements and excludes interest and charges incurred on the fund balances. Interest income earned on the Ghana Stabilisation Fund and the Ghana Heritage Fund together with interest charge are recognised in the income reserve on page 7.

14. Withdrawals from the Ghana Stabilisation Fund

	2021	2020	2019
Transfer to sinking/contingency fund	<u>114,982,416</u>	<u>307,540,793</u>	<u>189,130,418</u>

There were withdrawals under section 23 of the Petroleum Revenue Management Act, 2011, (Act 815) as amended by Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

(All amounts are in US Dollars)

14. Withdrawals from the Ghana Stabilisation Fund -continued

The withdrawal from the Ghana Stabilisation Fund that was transferred to the Sinking Fund is made up of US\$1,277,345 (2020: US\$2,806,985) representing interest withdrawn from income reserve and US\$113,705,071 (2020: US\$304,733,810) lifting proceeds withdrawn from the accumulated fund.

The Annual Budget Funding Amount (ABFA) benchmark for 2021 was set at US\$105.47 million per quarter which was maintained in the Mid-year budget.

15. Income reserve

	2021	2020	2019
Income Reserve			
Opening net income	60,549,853	45,855,445	32,562,132
Surplus for the year	<u>14,140,052</u>	<u>17,501,388</u>	<u>21,953,355</u>
Total since inception	<u>74,689,905</u>	<u>63,356,837</u>	<u>54,515,487</u>
Withdrawal from Ghana Stabilisation Fund	<u>(1,277,345)</u>	<u>(2,806,985)</u>	<u>(8,660,042)</u>
Accumulated Reserve	<u>73,412,559</u>	<u>60,549,853</u>	<u>45,855,445</u>

16. Petroleum Holding Fund Interest

	2021	2020	2019
Interest Distributed with Lifting proceeds	21,768	225,301	2,526,655
Undistributed Interest	<u>8,575</u>	<u>-</u>	<u>112,457</u>
Total Interest Received	<u>30,343</u>	<u>225,301</u>	<u>2,639,112</u>

17. Withdrawals from the Ghana Stabilisation Fund (GSF)

The Ghana Stabilisation fund cap was maintained at US\$100 million in the year 2021 giving rise to an excess of US\$114,982,416.24 which was withdrawn in April 2021 under section 23 of the Petroleum Revenue Management Act (PRMA), Act 815 and 893 as amended.

The ABFA target was not met in Q1 and Q3 2021 but was achieved in Q2 and Q4 of 2021; per section 12 of the PRMA, Act 815 and Act 893 as amended.

Mission Statement

The Ghana Audit Service exists

To promote

- good governance in the areas of transparency, accountability and probity in Ghana's public financial management system

By auditing

- to recognised international standards

And

- reporting audit results to Parliament

