



2022 ANNUAL REPORT & FINANCIAL STATEMENTS



GHANA NATIONAL GAS LIMITED COMPANY

Corporate and Business Information
for the year ended 31 December 2022

Our Mission

To contribute to Ghana's rapid industrialisation process by building the infrastructure required for gathering, processing and delivery of natural gas resources to industry in a safe, cost effective, responsible and reliable manner.



Ghana Gas at a Glance

Ghana Gas is a mid-stream gas business company incorporated in July 2011 with the responsibility to build, own and operate infrastructure required for the gathering, processing, transporting and marketing of natural gas resources in the country. The Company is accelerating the nation's effort of rapid industrialisation by providing cost competitive natural gas and gas-based products for domestic markets including the development of petrochemical industries, fertilizer and power generation, as well as export markets.

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GHANA NATIONAL GAS LIMITED COMPANY

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Name	Position
Hon. Kennedy Ohene Agyapong	Chairman
Mad. Adelaide Mary Benneh	Member
Mr. Stephen Sumani Nayina	Member
Mr. Awulae Amihene Kpanyinli	Member
Mr. Abraham Ossei Aidooh	Member
Mad. Delphine Dogbegah	Member
Nana Owusu Ansah Ababio	Member
Mr. John Darko Esq.	Member
Dr. Ben K. D. Asante	CEO

REGISTERED OFFICE

No. 225 Osibisa Close
Airport West
P. O. Box CT 3686
Cantonments
Accra

COMPANY SECRETARY

Sylvia Assimeng Archer
No. 225 Osibisa Close
Airport West
P. O. Box CT 3686
Cantonments
Accra

BANKERS

Agricultural Development Bank
PLC
Ecobank Ghana PLC
Cal Bank PLC
First Atlantic Bank LTD
GCB Bank PLC
United Bank for Africa (Ghana)
Limited
Prudential Bank Limited

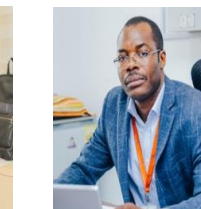
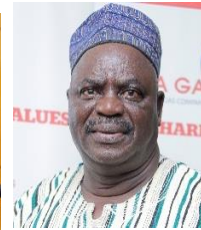
AUDITOR

PricewaterhouseCoopers
Chartered Accountants
PwC Tower
A4 Rangoon Lane
Cantonments City
PMB CT42
Cantonments
Accra

All the Directors, including the Chairman, are Non-Executive Directors of Ghana National Gas Limited Company, except the Chief Executive Officer who is an Executive Director.

Management Team

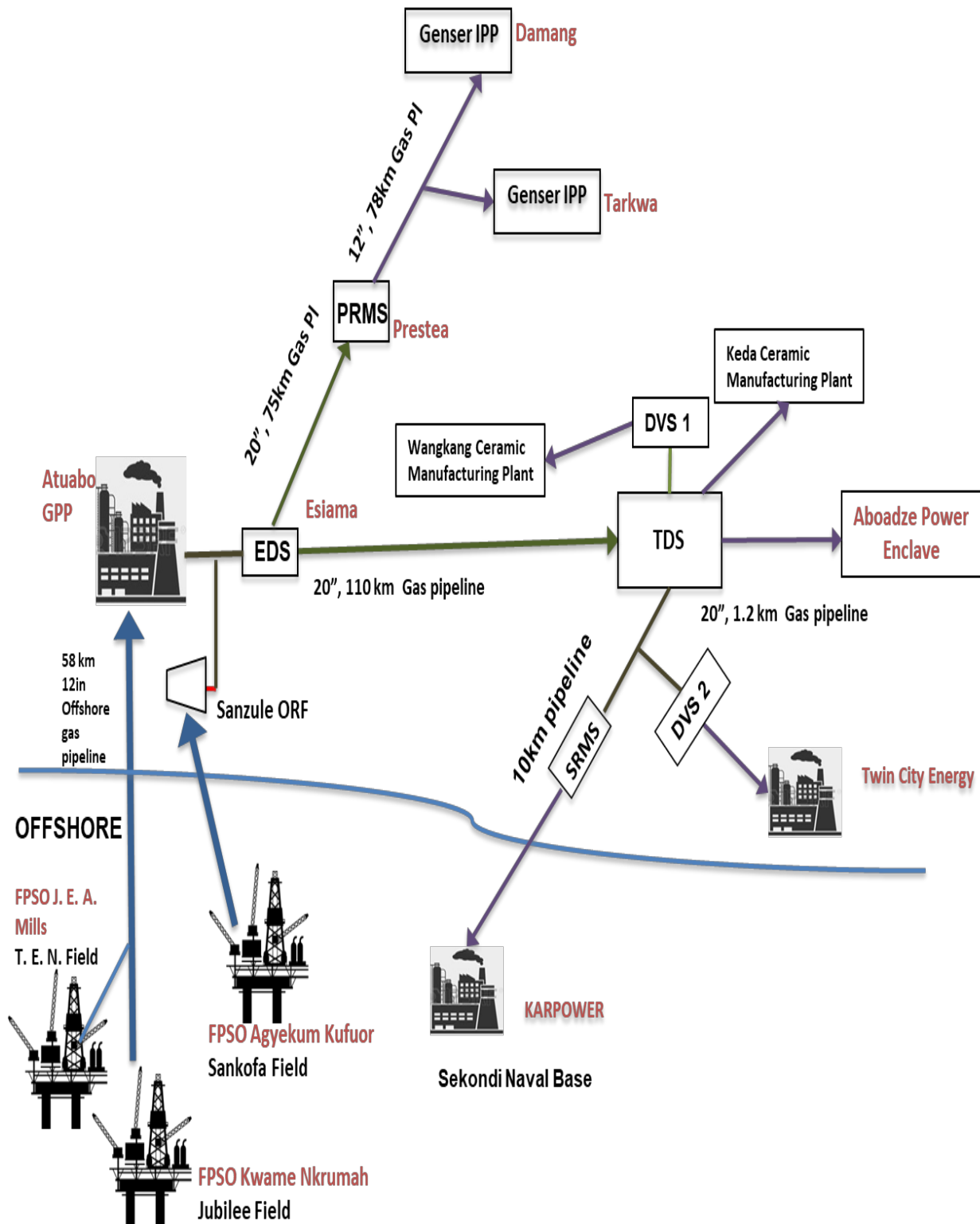
Dr Ben K. D. Asante	Chief Executive Officer
Mr. Rene Nelson	General Manager, Accounting
Mr. Jeremiah Addo-Twum	General Manager, Finance
Mr. Robert Lartey	General Manager, Operations
Mr. Robert Asmah	General Manager, Technical Services
Ms. Alma-Leigh Mensah	General Manager, HR & Internal Communications
Mr. Benjamin Baidoo	General Manager, Procurement & Logistics
Mr. Stephen Jomo	General Manager, Commercial Operations
Mrs Nana Yaa Konama Ofori-Attah	General Manager, Administration & Facilities Management
Ms. Natasha Nylander	General Manager, Legal Council
Mrs Sylvia Assimeng Archer	General Manager, Commercial Legal



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OUR BUSINESS



GHANA NATIONAL GAS LIMITED COMPANY

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LETTER TO STAKEHOLDERS

The year 2022 tested the strength and capabilities of Ghana Gas (the 'Company'). As the Board chairman, I am proud of the efforts we made in the year in the face of numerous economic challenges that our country is facing.

Our operations are continuously guided by the three strategic pillars of Ghana Gas, which are;

- Business development,
- Community sustainability.
- Human capital development.

The Company continues to be strengthened by the combined efforts of The Board, Management and staff in these challenging times.

Corporate Governance

The Board of Directors (The Board) and management of the Company remain focused on implementing excellent governance standards which are essential to Ghana Gas' performance. Under the leadership of The Board, management has implemented a Performance Management System dubbed "GNGC Performance Model" as part of the governance measures put in place to guarantee effective operation and for the accomplishment of the company's short- and long-term goals.

During the year under review, The Board held six(6) ordinary meetings and three(3) emergency meetings to direct the affairs of the Company.

Business Development

The Company ensures feasibility studies are conducted on its numerous projects to ensure that there are excellent prospects for the gathering, processing and transportation of natural gas in Ghana and the sub-region.

Preparatory works to commence construction of GPP Train II is underway, as well as the LPG bottling plant at Axim. The Company's ability to meet these milestones will create more value for our nation Ghana.

Human Capacity Development

Ghana Gas recognizes the significance of its workforce and treats it as the most valuable asset as the company's ability to succeed heavily depends on their skills. We take pride in our young and energetic workforce who are the most significant asset of the business. We place a great value on our employees by fostering a supportive and forward-thinking atmosphere that allows them to grow professionally.

The Company continues to make significant investments in training and development for its workforce. It also provides the necessary tools and enabling environment required to make valuable contribution to the business.



GHANA NATIONAL GAS LIMITED COMPANY

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LETTER TO STAKEHOLDERS (continued)

Responsible and Sustainable Operations

Ghana Gas remains dedicated to nurturing a culture of operational excellence, which has over the years enabled the company to achieve a high Health, Safety and Environmental (HSE) performance with zero contractor or employee fatalities. During the year, the company successfully achieved the ISO 45001:2018 certification. This incredible feat aims to increase the company's level of HSE performance to align its safety programs and best practices to those of its competitors both locally and globally.

Our Corporate Social Responsibility (CSR) initiatives are nationwide with focus on communities within our operational areas. To ensure the educational awareness of the gas value chain, the Gas Challenge programme continues to run in collaboration with tertiary institutions in the country.

I would like to end by expressing my sincere gratitude to “Team Ghana Gas” and our stakeholders. Keep up with the good work.

The Board Chairman
Hon. Kennedy Agyapong

GHANA NATIONAL GAS LIMITED COMPANY

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2022 AWARDS

The 6th Sustainability & Social Investment (SSI) Awards

The 6th Sustainability & Social Investment Awards was organized by Ianmatsun Global Services on Friday, 18th November 2022 to recognise and honour organisations across the country that demonstrated outstanding leadership, commitment and investments in socially responsible programmes which impacted the society in which they operate. It was held under the theme: **'Leading the Sustainability Transition through Partnerships and Collaborations'**.



Ghana Gas received the Best Company in Community Support Project 2022

Ghana Gas received the Best Company in Post-Disaster Rehabilitation Support Program 2022

The 6th Ghana Energy Awards

The 6th Ghana Energy Awards was organized by the Energy Media Group to recognise the efforts, innovativeness and excellence of stalwarts in the energy sector. The 6th GEA awards was held on Friday, 25th November 2022, at the Labadi Beach Hotel under the theme: **'Global Decarbonisation: A Just and Equitable Energy Transition in Ghana'**.

Dr. Ben K.D. Asante (CEO) received the Executive Business Distinction Award

GNGC also received the Health and Safety Excellence Award



GHANA NATIONAL GAS LIMITED COMPANY

Corporate and Business Information for the year ended 31 December 2022

2022 AWARDS (continued)



Mrs. Augustina Asare Osei, Senior Manager, Government Relations was honoured with the Women in Energy Excellence Award).

Rising Star of the Year Award was bestowed on **Dr. Riverson Oppong**, Manager, Commercial Operations.



The 9th Oil & Gas Awards

The 9th edition of the Ghana Oil and Gas Awards (GOGA) took place on Friday, 9th December 2022, at the Kempinski Gold Coast Hotel in Accra. The 2022 edition was organized by Xodus Communications Limited in partnership with the Ministry of Energy and Graphic News Plus.



The Chief Executive Officer, Dr. Ben K.D. Asante was recognized as the CEO of Year (Upstream) whereas the Company received awards in the following categories;

- Oil & Gas Service Company of the year- Gas
- Excellence in Corporate Social Responsibility (Upstream)

African Public Service Optimum Awards (APSO)

The African Public Service Optimum Awards (APSO) was held on Thursday, 15th December 2022 with the aim of identifying and publicly recognising exemplary performance by public servants and public institutions across Africa. The event was held under the theme: **“Showcasing the Public Service Africa needs for its Socio-Economic Renaissance.”**

The Chief Executive Officer, Dr. Ben K.D. Asante was recognized as the *Positively Influential Public Official in Africa*.



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THE GAS CHALLENGE

In the year under review, Ghana National Gas Limited Company (GNGC) held the third edition of its educational competition, *"The Gas Challenge"* under the theme *"Embracing The Future Together: The Indispensable Role of Gas in Facilitating Socio-Economic Growth and Development"*, as part of its ongoing efforts to develop local human capacity for the gas industry. The famous Gas challenge Event was graced by the presence of her excellency, Hajia Samira Bawumia, The Second Lady of Ghana.



This capacity building agenda by the Company led to Mrs. Augustina Asare Osei, Head of Government Relations, receiving the Woman in Energy Excellence Award at the 6th Ghana Energy Awards.

GHANA NATIONAL GAS LIMITED COMPANY

Corporate and Business Information for the year ended 31 December 2022

THE GAS CHALLENGE (continued)

Twelve tertiary institutions that offer a range of oil and gas-related programs participated in the 2022 competition. The University of Mines and Technology (UMAT), the defending champions, won the competition after a keenly contested event. The University of Ghana (UG) placed second whereas the University of Energy and Natural Resources (UNER) placed third position.



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STATEMENT OF THE CHIEF EXECUTIVE OFFICER

The year 2022 had its own peculiar challenges, globally and locally. However I am inspired by the support and togetherness of this great family that we are nurturing.



As a Company we consider our staff as our greatest asset and thus our health and wellbeing should remain a high priority for us all. Ghana Gas made considerable progress by enhancing the company's future and streamlining its asset portfolio. Our performance this year is the consequence of the prudent strategic direction of The Board of Directors (The Board), effective management decisions, and the employee diligence.

These have strategically positioned us to maintain our pride in achieving our mandate as the sole downstream gas aggregator, processing and transmission company in Ghana.

What we do

Ghana National Gas Limited Company (Ghana Gas) is committed to contributing to Ghana's economic development by providing and operating the infrastructure required for gathering, processing and delivering natural gas resources to its customers. The Company converts the raw gas it receives from upstream producers through its 5.8 km collection pipeline into lean gas, condensates, and liquefied petroleum gas using its Gas Processing Plant. Additionally, the Company owns and maintains a 111 km transmission pipeline that runs from Atuabo to Aboadze, as well as related laterals and metering facilities in Takoradi and Esiam, with which it distributes Lean Gas to downstream customers for industrial use and for power production.

GHANA NATIONAL GAS LIMITED COMPANY

Corporate and Business Information for the year ended 31 December 2022

STATEMENT OF THE CHIEF EXECUTIVE OFFICER (continued)

The price of condensates and Liquefied Petroleum Gas is determined by the National Petroleum Authority based on the price of oil and gas products on the global market. The Public Utilities Regulatory Commission (PURC) determines the price of lean gas based on investment cost, operational cost and the Agreed Expected Rate of Return.

Lean Gas continues to be mostly used by the Volta River Authority (VRA) for power generation, while Liquefied Petroleum Gas is still primarily purchased by Sage Petroleum.

In 2022, the companies that consumed lean gas included:

- Volta River Authority
- Jintao Sanitary Ware Company Limited
- Twyford Ceramics Ghana Limited
- Wankang Ghana Ceramic Limited
- Fujian Sentuo Ceramic Company Limited

Ghana Gas supplied Condensate to the following Bulk Distribution Companies (BDCs) :

- Globex Energy Ltd
- Firm Energy Ltd
- Eagle Petroleum Ltd
- SA Energy Ltd
- Marantha Oil Services Ltd
- Hilson Petroleum
- Everstone Ltd
- Dome Energy Ltd
- Oil Channel Ltd
- Oil Trade Ltd
- CK Brothers Ltd
- Hask Oil Company Ltd
- Mobile Oil Resource

GHANA NATIONAL GAS LIMITED COMPANY

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STATEMENT OF THE CHIEF EXECUTIVE OFFICER (continued)

OUR OPERATIONS DURING THE YEAR

The reliability and integrity of the Gas Processing Plant (GPP) and ancillary facilities is always the priority. For that reason, schedule maintenance are undertaken ontime. In the year 2022, the Gas Processing Plant (GPP) recorded an average daily production of 130(mmbtu). The plant operated well through out the year with the exception of the period scheduled for shut down maintenance.

The overall operational performance for the year is as shown below:

Raw Gas Processed (MMscf)

39,663 ↑

2021: 33,762

Production of NGLs (MT)

148,130 ↑

2021: 121,907

Production of Lean Gas (MMBtu)

42,911,803 ↑

2021: 35,929,472

Production of LPG (MT)

116,463 ↑

2021: 93,155

Production of Condensate (MT)

31,667 ↑

2021: 28,751

Number of Employees

961 ↑

2021: 826

Raw Gas Purchased (Ghc'000)

1,783,846

2021: 1,079,474

Sale of Non-Gas Liquid (Ghc'000)

848,566 ↑

2021: 349,860

Sale of Lean Gas (Ghc'000)

1,642,648 ↑

2021: 1,008,786

Sale of LPG (Ghc'000)

648,956 ↑

2021: 286,026

Sale of Condensate (Ghc'000)

199,609 ↑

2021: 63,833

OCTP Gas Transportation - GNPC(Ghc'000)

541,277 ↑

2021: 330,540

OCTP Gas Transported (MMBtu)

76,490,548 ↑

2021: 73,006,880

Improvement on Infrastructure

Ghana Gas pursues strategic opportunities aimed at business expansion and sustained profitability. During the reporting period, the Company continued to embark on earmarked capital projects necessary for market and supply diversification.

During the year the Company successfully completed and commissioned Mainline compressor II and the Karpower pipeline and the alateral pipeline that supply natural gas to Sentuo Ceramics in Tema. Works on doing same for Marco Polo Ceramics is also progressing steadily. The Front End Engineering Design (FEED) for the Mainline Compressor III with (250 MMscf design capacity) at Atuabo is 100% complete. Compressor III will help in providing adequate compression capacity and increased operational flexibility in consideration of the Company's expected future developments, including the construction of the GPP 2nd Train.

FEED works for GPP 2nd Train is complete in readiness to process incremental gas from Greater Jubilee, TEN and Pecan fields. The procurement process to acquire an Engineering Procurement Construction and Commissioning (EPCC) contractor is ongoing, based on an investment decision to Build, Co-own, Co-operate and Transfer (BCCT).

GHANA NATIONAL GAS LIMITED COMPANY

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STATEMENT OF THE CHIEF EXECUTIVE OFFICER (continued)

Pursuant to the Ministry of Energy's directive on the LPG Cylinder Recirculation Model, Ghana Gas has made steady progress on the LPG Bottling Plant to be situated in Axim in the Western Region. This project is necessary to ensure the safe handling and distribution of LPG. FEED works are 89.7% complete and works are ongoing towards acquiring a construction permit from the National Petroleum Authority (NPA).

In collaboration with the Ministry of Agriculture, we are aggressively pursuing engagements with players in the Fertilizer industry for the installation of a Fertilizer Plant at Jomoro. Coupled with promoting the industrial use of gas nationwide, this project would also provide job opportunities for the indigenes.

Arrangement to execute the installation of a 52km (approximately) 20-inch gas pipeline from Atuabo to Siringabo in Ivory Coast, to enable the supply of Ghana Gas' processed gas to Ivory Coast is progressing steadily. This arrangement is a bilateral arrangement between the Government of Ghana and the Government of Ivory Coast. This pipeline project will also serve the proposed Fertilizer Plant in Jomoro. FEED for this project is 100% complete.

The Company signed on one customer (Fujian Sentuo Ceramic Co. Ltd) for the offtake of Lean Gas during the period under review. The supply of gas to this Company commenced in the last quarter of the year 2022. All commercial agreements in respect of this customer has been closed.

Health, Safety and Environment

Our quest to achieve Operational Excellence begins with safety for all who work with and for us. Premium is placed on implementing the right systems that promote a good safety culture. This year, 5,502 trained man hours without LTI were invested in the provision of essential training on Health & Safety in order to drive the right safety behaviours across the organisation. A total of 1,838 safety observations were reported against a target of 1,560/year. The Company obtained the ISO:45001 certificate on 1st April 2022 and was unveiled on the 13th of July 2022.

During the year 2022, the Company recorded just one (1) Lost Time Injury (LTI). To date the Company has achieved 8,182,513 cumulative Man-hours without LTI from 2019 to 2022. This achievement spanned across all operations and constructional activities.

Community Sustainability

The Company's CSR engagement covered the entire country, giving priority to underprivileged communities that adhere to Ghana Gas's CSR standards.

The following guiding principles are what the corporation uses to keep its attention on its CSR engagements:

1. An inclusive, transparent, and accountable approach to corporate operations.
2. Constant improvement in environmental impact management, monitoring, and mitigation for its host communities.
3. Ongoing improvement in the administration, supervision, and control of environmental effects on the host populations.
4. Investing in people and developing local industry capability.
4. Investing in people and developing local industry capability.
5. Encouraging locals to become more economically independent and improve their quality of life.

Other activities

The Company based on needs assessment invested in the following thematic areas:

- Education (45%)
- Water & Sanitation (23%)
- Sports (19%)
- Social Development (13%)

GHANA NATIONAL GAS LIMITED COMPANY

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STATEMENT OF THE CHIEF EXECUTIVE OFFICER (continued)

Some of the projects embarked on in the course of the year include:

- Renovation of a two-storey girls' dormitory at Half Assini Senior High School in the Western Region.
- Support for the renovation of the Jamasi Health Centre in the Ashanti Region.
- Construction of 5 No. mechanised boreholes in five communities in the Savannah Region.
- Construction of an Astroturf football pitch, with ancillary facilities, at Adentan in the Greater Accra Region.

Future Prospect

The outlook of the Company is bright with the impending GPP 2nd Train, the LPG Bottling plant and the Fertilizer Manufacturing Plant. The GPP 2nd Train will increase production capacity and associated benefits. The LPG Bottling plant will help diversify the product portfolio of the company. The Fertilizer Manufacturing Plant will produce fertilizer and help to reduce the reliance on imported fertilizers. Apart from achieving the financial objective of the company, the above will improve the supply of power, create employment, have a positive impact on the agric sector, as well as contribute to the overall growth of the economy.

The Chief Executive Officer
Dr. Ben K Asante

GHANA NATIONAL GAS LIMITED COMPANY

Corporate and Business Information for the year ended 31 December 2022

SUSTAINABILITY PERFORMANCE

MAINTAINING A RESPONSIBLE AND SUSTAINABLE ENVIRONMENT

As a leading stakeholder in Ghana's energy sector, the need to promote a better future for our communities, customers and workforce has become more imminent and therefore, forms an integral part of our business operations. To achieve this, we continue to invest in the right mix of technology to drive the requisite innovation; capacity building for our people whom we are dependent on; and efficient energy solutions to drive responsible operations and profitable business growth.

Having marked a decade of contribution to national development, Ghana Gas is better positioned to drive global efforts towards delivering on the Sustainable Development Goals (SDGs). We are proud of the progress we made in 2022, and equally excited about the impact we can make in the ensuing year through the application of all tools and resources available to us.

ECONOMIC	Act as a catalyst for Ghana's quest for rapid industrialization by creating long-term value through governance, innovation and asset integrity	<div>    </div> <div>   </div>
People ✓ Staff strength of 961 as at December 31, 2022 ✓ 2,655,712 Total Man-hours as at December 31, 2022 ✓ 5,502 hours of training as at December 31, 2022 Asset Integrity ✓ Availability of the Gas Facilities: GPP: 97.41%, Pipelines & Stations: 100% (target: ≥95%) ✓ Reliability of the Gas Facilities: GPP: 97.83%, Pipelines & Stations: 100% (target: ≥95%) ✓ 95% Preventive Maintenance Index (target: ≥80%)	Corporate Governance & Management Systems ✓ Conduct of OH&S Management System internal audit. ✓ Roll-out of the GNGC Performance Model to serve as a performance management tool ✓ Recipient of the 2022 CEO of the Year (Upstream) and Health and Safety Excellence awards; adjudged Best Company in Post-Disaster Rehabilitation Support Program (2022) Infrastructural Developments ✓ 78% construction completion of Trauma Centre (Sinopec Scope) ✓ 74% completion of Takoradi Distribution Station (TDS) - Karpower Metering Package Project ✓ 92% completion of LPG Metering Integration Project	
ENVIRONMENTAL	Reduction of environmental impact through responsible business operations, efficient resource utilization and protection of the ecosystem in which Ghana Gas operates	<div>    </div> <div>    </div>
Environmental Protection ✓ 38,161.95 m3 estimated iso-pentane flared (within EPA approved limit of ≤7,750m3 monthly) ✓ Nil Hydrocarbon/Chemical/Oil Spills ✓ Nil notices or fines for non-compliance to EPA provisions ✓ Nil environmental incidents recorded Access to Energy ✓ Increased gas supply compared to 2021: LPG (25%), Condensate (9%), Lean Gas (8%)	People and Asset Integrity ✓ 1,993,610 cumulative man-hours without Lost Time Incidents (LTI) ✓ 0.71 Recordable Motor Vehicle Accident Rate (target: ≤0.81/1,000,000km) ✓ Improved safety culture (1844 safety observations recorded vs. annual target of 1560) ✓ 0.00 Process Safety Incident Rate (PSIR) for 2022	
SOCIAL	Sustainable developmental initiatives, social justice and shared prosperity for internal and external stakeholders of Ghana Gas	<div>    </div> <div>    </div>
People ✓ 1 percentage point increase in ratio of female employees from 31% in 2021 to 32% in 2022 ✓ 31% female business leaders at Management Level (2021: 26%) ✓ Staff strength includes one (1) person with disability; observation of International Day for Persons with Disability Developmental Projects ✓ Investment of GH¢153.24 Million in projects in the host communities and across the sixteen (16) regions of Ghana ✓ 70% implementation of approved CSR initiatives ✓ Adjudged Best Company in Community Support Projects (2022) and Best Company in Post-Disaster Rehabilitation Support Program (2022)		

GHANA NATIONAL GAS LIMITED COMPANY

Corporate and Business Information for the year ended 31 December 2022

SUSTAINABILITY PERFORMANCE (continued)

COMMUNITY ENGAGEMENTS

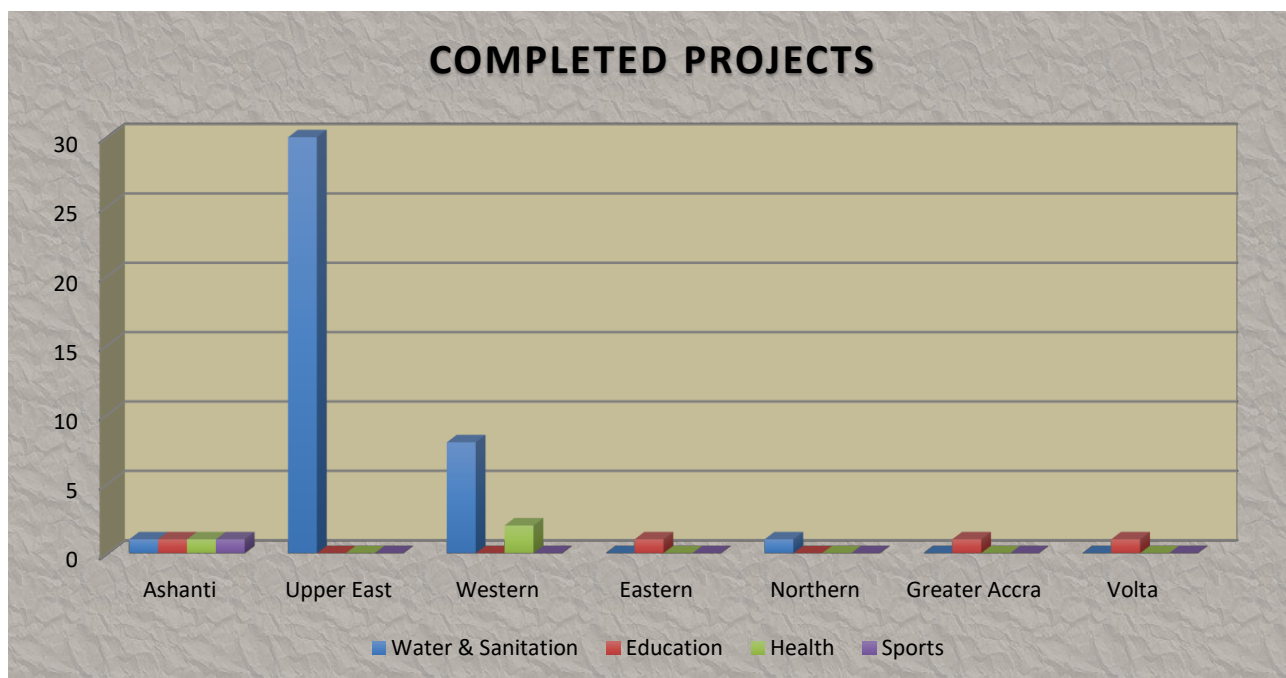
The Company's corporate objective to execute planned CSR projects has propelled development in many Project Affected Communities (PACs) and by extension to all sixteen (16) regions across the country. The implementation of the novel Regional CSR projects and other CSR Projects in areas of education, health, sports, social development, market, roads, water and sanitation, communication, sponsorships, donations, among others have been remarkable.

For the year 2022, a total of 136 CSR projects were approved out of which 48 have been completed, 26 is ongoing. **Fig 1** shows a total number of completed projects and commissioned, **Fig 2** shows ongoing projects. Also, **Table 1** shows the areas/fields in which these projects have been distributed.

Table: 1

Project	Education	Water & Sanitation	Health Facilities	Recreational center (Sports)	Community Center	Road/Bridges	Security
Number	30	72	10	12	7	2	3

Fig: 1

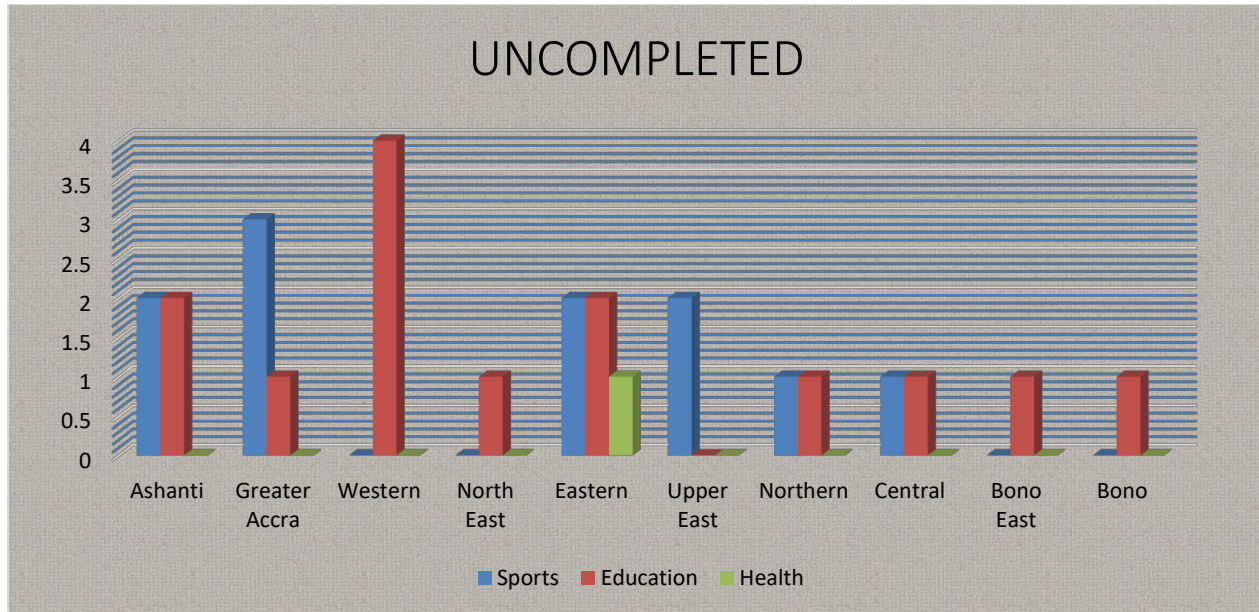


GHANA NATIONAL GAS LIMITED COMPANY

Corporate and Business Information for the year ended 31 December 2022

SUSTAINABILITY PERFORMANCE (continued)

Fig 2



Education

The projects undertaken were:

- 12-unit classroom block at Nasuan in North East.
- 12-unit classroom block at Akotiman SHS
- 8-Bedroom Teachers quarters at Sekruwa.
- Renovation of 6 unit classroom block at St. Patricks catholic School at Half Assini.
- Expansion and refurbishment of the dinning hall in Accra Girls SHS.
- 6-unit classroom block and auxiliary facilities at Aidoo Suazo.
- 130 bed capacity girls dormitory block for the Dromaa SHS.
- Centre for excellence for electric vehicle and industrial welding technology at Sunyani Technical University.
- 3-storey, 2 bedroom semi-detached apartment for Wesley college of Education.
- E-learning library for Sefwi Anhwiaso.
- 850 student capacity dinning hall extension for Wesley Girls High school.
- Renovation of Assembly hall for Aburi Girls SHS.
- 8-unit classroom block for Faith Basic school.
- 3-unit classroom block at Dodze Penyi SHS.



GHANA NATIONAL GAS LIMITED COMPANY

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SUSTAINABILITY PERFORMANCE (continued)

Water & Sanitation

- Twenty (20) hand pump borehole in Builsa North.
- Ten (10) hand pump borehole in Bawku West.
- Four (4) hand pump borehole at Aiyinasi North.
- Four (4) mechanized boreholes in the Ellembele and Aiyinai North.
- 12-seater toilets in Kpendua and ligbung in the Northern Region.



RECREATIONAL CENTER (SPORTS)

A number of artificial football pitches are being constructed at;

- Asokwa Presby
- Kaneshie
- Obomeng Presby School
- Ghana Prisons Service Headquarters
- Binduri
- Suame
- Sakumono cluster of schools
- New Abirew
- Komenda
- Pusiga
- Tamale south
- Asante Akyem Agogo



HEALTH AND SAFETY

- A 2 unit No. 3 bedroom bungalow at Kyebi
- CHPS compound in Kumawu
- Purchase of theatre equipment and accessories to Axim Government hospital,
- Construction of nurse's quarters in Nanton and Bungalow at Half Assini Government Hospital



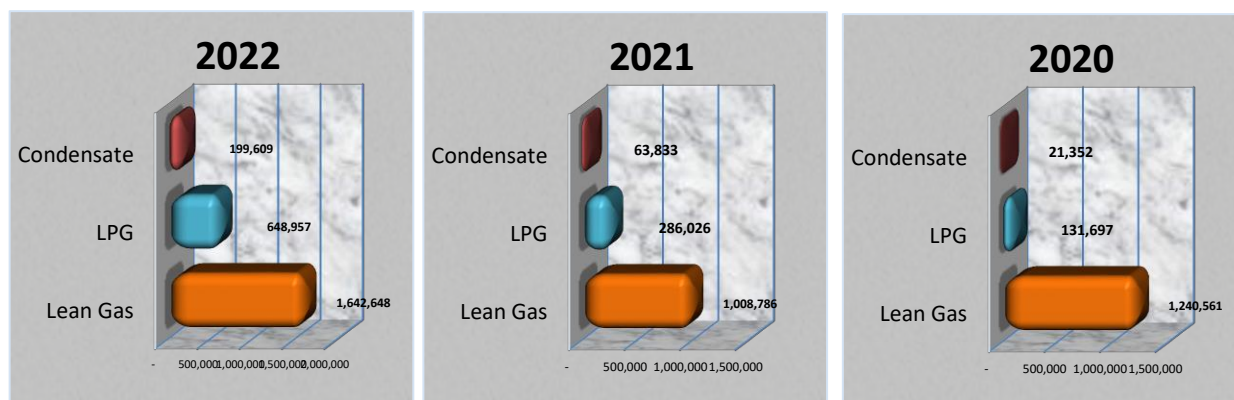
GHANA NATIONAL GAS LIMITED COMPANY

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FINANCIAL HIGHLIGHTS

	2022	2021	% change
Profit for the year (GHS'000)	4,239	437,543	(99%)
Gross profit (GHS'000)	1,393,312	639,997	118%
Sales and other operating revenues (GHS'000)	1,682,302	883,817	90%
Operating cost & expenses (GHS'000)	288,990	243,820	19%
Finance costs (GHS'000)	745,729	74,020	907%
Capital expenditure (GHS'000)	434,610	208,132	109%
Total assets at year-end (GHS'000)	13,284,289	9,746,724	36%
GNGC stakeholders' equity at year-end (GHS'000)	3,368,549	3,364,310	0.13%
Cash generated from operating activities (GHS'000)	630,820	353,967	78%
Gross profit margin (%)	83	72	14%
Net profit margin (%)	0.25	50	(99)%
Total debt to total debt-plus-equity ratio	0.39	0.33	19%
Return on stockholders' equity	0.0013	0.13	(99%)
Return on capital employed (ROCE)	0.13	0.12	5%

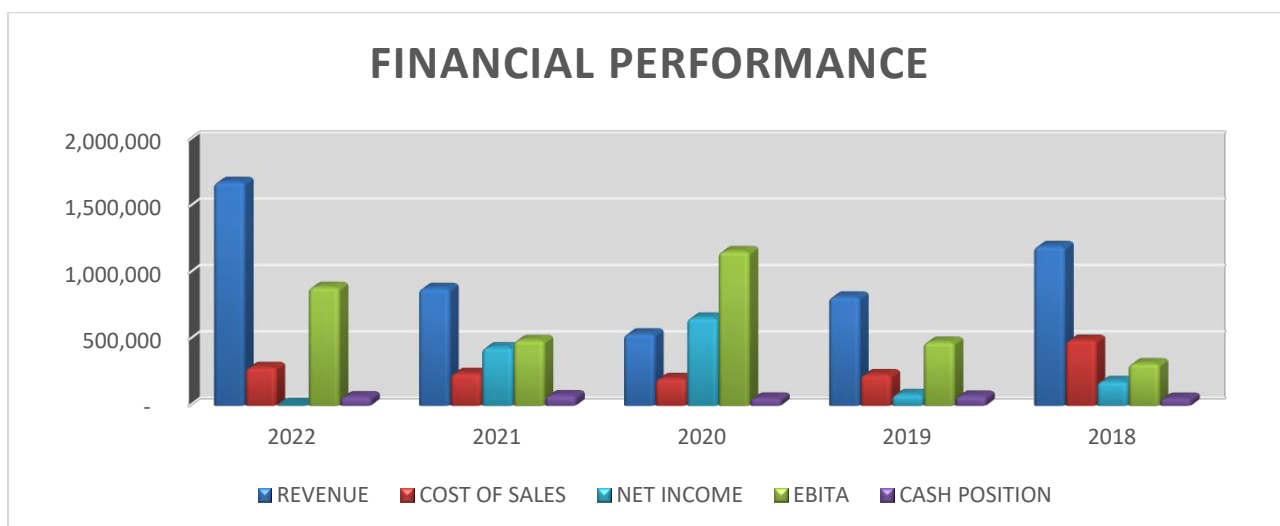
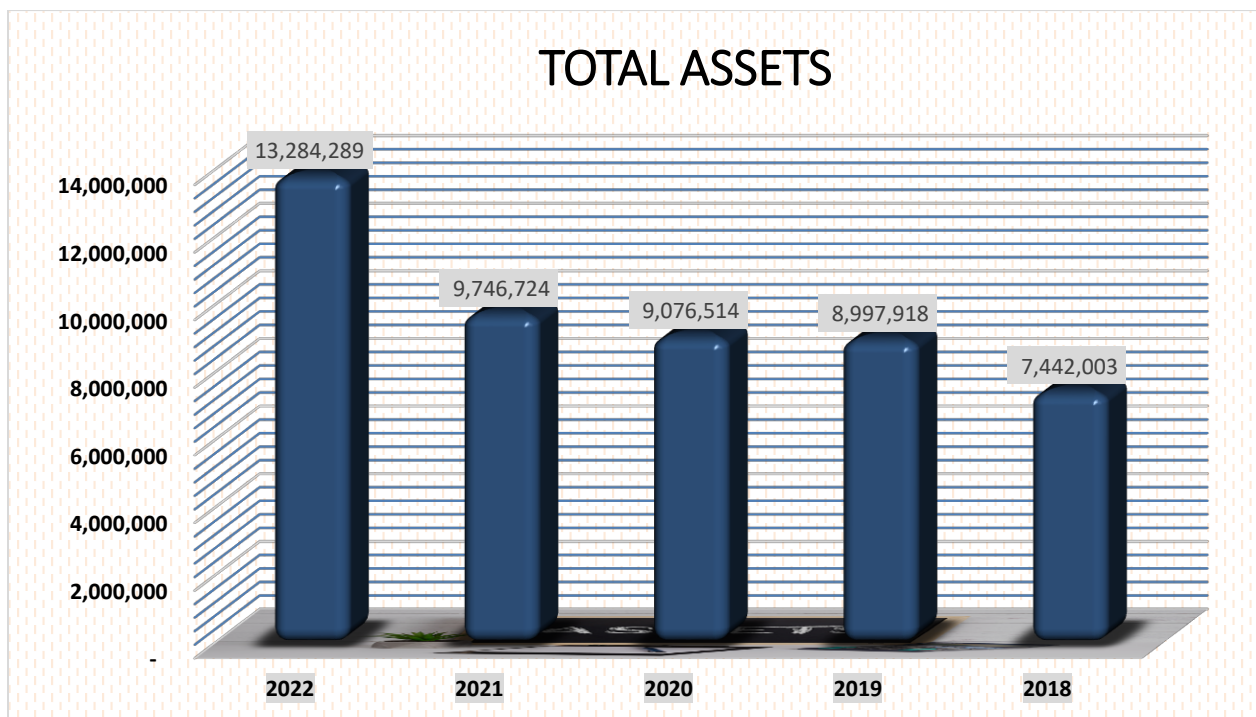
REVENUE MIX



GHANA NATIONAL GAS LIMITED COMPANY

Corporate and Business Information for the year ended 31 December 2022

FINANCIAL HIGHLIGHTS (continued)



Earnings 2022 – 2021

Integrated Gas Gross earnings before operating expenses (*revenue less operating cost*) for the period was **GHS1,682 million** in 2022 compared with GHS884 million in 2021. Processing of gas contributed **GHS121 million** (2021: GHS72 million), Transmission yielded **GHS730 million** (2021: GHS465 million) and Liquids yielded **GHS815 million** (2021: GHS350 million).

GHANA NATIONAL GAS LIMITED COMPANY

Corporate and Business Information for the year ended 31 December 2022

FINANCIAL HIGHLIGHTS (continued)

Raw Gas supplied for the period was from Jubilee and TEN except for periods where Jubilee was shut down for brief maintenance. Ghana Gas continued to receive lean gas from the Offshore Cape Three Points (OCTP) ENI at Sankofa fields at Sanzule. Ghana Gas continues to transport lean Gas to the east in Tema through the West African Gas Pipeline Company's offshore pipeline. We increased the sale of lean gas by building an additional lateral pipeline connecting to Fujian Sentuo Ceramic Company Limited in Tema in Greater Accra Region.

In terms of product lines, Lean gas contributed 79%, LPG contributed 17% and Condensate contributed 4%.

The Company sold gas commodity for and on behalf of Ghana National Petroleum Corporation (GNPC) totaling GHS1,615 million. Service charges and levies taken on behalf of GNPC and the regulator PURC also amounted to GHS284 million. These amounts are not reported as part of our revenue in accordance with International Financial Reporting Standards.

Cost of generating income

Operating expenses during the year went up by 19% in 2022, to GHS289 million (2021: GHS244 million). This was primarily due to an emergency maintenance carried out on the plant.

Profitability

Net Profit for the year 2022 reduced by 99% compared to 2021. The fall in profit was due to the high forex losses due to the volatility of the Ghana cedi against the US dollar. That notwithstanding, the Company's operating profit grew by 17% from the amount recorded in 2021. Gross profit for the period increased by a margin of 118% compared to that of 2021. Our operating profit for the year increased by 17% compared to that of 2021. This is as a result of high volumes processed with the plant operating at an average capacity of 130MMbtu throughout the year.

Capital investment

Capital investment was GHS435 million in 2022, compared with GHS208 million in 2021. The completion of the Karpower Pipeline and the Anokye Mainline Compressor, was a major feat in 2022. Remarkable progress has also been made with regards to the LPG Bottling Plant, Gas Processing Plant II and Compressor No.3.

Our return on capital employed (ROCE) stands at 13% compared to 12% in 2021.

Gearing was 39% at the end of 2022, compared with 33% at the end of 2021, driven by shareholder loan that has been held constant because of indication offset hinged on the PURC tariff assumptions.

Working capital and liquidity

There has been stability in the working capital of the Company. The current ratio for the year under review is **1.12:1** compared to a 1.11:1 in the year 2021. The Company's potential to grow in the future is very promising.

GHANA NATIONAL GAS LIMITED COMPANY

Corporate and Business Information for the year ended 31 December 2022

REPORT OF THE DIRECTORS

The directors submit herewith their annual report together with the audited financial statement of Ghana National Gas Limited Company (the “Company”) for the year ended 31 December 2022, which disclose the state of affairs of the Company.

Statement of directors’ responsibilities

The directors are responsible for the preparation of financial statements for each financial year, which gives a true and fair view of the state of affairs of the Company and of the profit or loss and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are reasonable and prudent and followed International Financial Reporting Standards and the requirements of the Companies Act, 2019 (Act 992).

The directors are responsible for ensuring that the Company keeps proper accounting records that disclose with reasonable accuracy at any time, the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have made an assessment of the Company’s ability to continue as a going concern and have no reason to believe that the business will not be a going concern.

Financial results

	2022 GHS’000	2021 GHS’000
Profit before income tax for the year is	17,557	577,092
from which is deducted income tax expense of	<u>(13,318)</u>	<u>(139,549)</u>
leaving a profit after tax of	4,239	437,543
to which is added the opening balance on the retained earnings of	<u>1,468,287</u>	<u>1,030,744</u>
leaving a closing balance on retained earnings of	<u><u>1,472,526</u></u>	<u><u>1,468,287</u></u>

Principal activities during the year

Gas processing and transportation remained the principal activity of Ghana National Gas Limited Company in the year 2022. The Company processed a 39,663 MMscf of Raw Gas, sold 42,911,803.00 MMBtu of Lean gas, 116,463 MT of LPG and 31,668 MT of Condensate. Total Gas transported on behalf of Ghana National Petroleum Corporation in 2022 was 76,490,548 MMBtu.

Capacity building of directors

The Company ensures that only fit and proper persons are appointed to the Board after the necessary approval from the shareholder.

Directors’ interest

None of the directors had a material interest in any contract with Ghana National Gas Limited Company during the period.

Change of name

The Company changed its name from Ghana National Gas Company Limited to Ghana National Gas Limited Company in accordance with Section 21(1) of the Companies Act, 2019 (Act 992) which requires the last words of the name of a private company limited by shares shall be “Limited Company” or the abbreviation “LTD”. The change of name was approved at the Annual General Meeting held on 30 March 2023.

GHANA NATIONAL GAS LIMITED COMPANY

Corporate and Business Information for the year ended 31 December 2022

REPORT OF THE DIRECTORS (continued)

Dividends

The directors do not recommend the payment of dividend in respect of the operations of the Company over the stated period.

Holding Company

The Company is wholly owned by Ghana National Petroleum Corporation, a statutory corporation established by an Act of Parliament of Ghana.

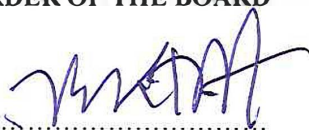
Corporate Social Responsibility

The Company engaged in corporate social responsibilities as disclosed in the "Statement of the Chief Executive Officer".

Auditor

In accordance with section 139(5) of the Companies Act, 2019 (Act 992), the directors appointed PricewaterhouseCoopers as auditor of the Company. PricewaterhouseCoopers have indicated their willingness to be the auditor of Ghana National Gas Limited Company. Audit fee for the year ended 31 December 2022 was GHS1,303,000.


BY ORDER OF THE BOARD

.....

Chief Executive Officer:

Date: 11 May 2023

Accra

.....

Director:

Date: 11 May 2023

Accra

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GHANA NATIONAL GAS LIMITED COMPANY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Ghana National Gas Limited Company (the "Company") as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992).

What we have audited

We have audited the financial statements of Ghana National Gas Limited Company for the year ended 31 December 2022.

The financial statements comprise:

- the statement of comprehensive income for the year ended 31 December 2022;
- the statement of financial position as at 31 December 2022;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants and the independence requirements of section 143 of the Companies Act, 2019 (Act 992) that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GHANA NATIONAL GAS LIMITED COMPANY (continued)**

Key audit matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
<p><i>Allowance for impairment of trade receivables - GH¢328 million</i></p> <p>Trade receivables at 31 December 2022 amount to GH¢7.9 billion after allowing for impairment of GH¢328 million.</p> <p>We consider allowance for impairment of trade receivables as a key audit matter because the determination of appropriate levels of provisioning or impairment requires significant judgement.</p> <p>Management utilises judgements in determining the probability of default.</p> <p>Management performs an assessment of the ability of the customers to settle their outstanding debts in accordance with the agreed credit terms and estimates the write-off for the population of trade receivables. This assessment is used in the determination of the probability of default and in the calculation of the historical loss rates by dividing the ultimate write off by the amounts outstanding in each time bucket.</p> <p>Management also considers the availability of any security in determining the amount of loss in the event of a default.</p> <p>The impairment provision is determined using the expected credit loss (ECL) model which considers cash short falls in various default scenarios. The short falls are determined based on management's assessment of the timing of future cash flows which is based on customers' credit risk and their historic default rates, as well as forward looking information such as gross domestic product. Further, management estimates the discount rates used in discounting the cash flows.</p> <p>The accounting policies, judgements and disclosures are set out in note 2.13 (iv), note 3.3 and note 17 of the financial statements.</p>	<p>We updated our understanding of and evaluated management's controls around the revenue and receivables cycle.</p> <p>We evaluated the appropriateness of management's assessment of customers' default risk profile in determining the probability of default.</p> <p>We examined the historical data used to derive the payment profiles of selected customers and their historical write offs used in determining their loss rates.</p> <p>We assessed the appropriateness of any security used in the estimation of the loss given default for the year.</p> <p>We assessed the reasonableness of the forward looking information by agreeing economic information to independent external sources.</p> <p>In addition, we assessed the future cash flows and the timing of those cash flows as well as the discount rates used in the ECL model.</p> <p>We assessed the appropriateness and completeness of the related disclosures made in the financial statements.</p>

Other information

The directors are responsible for the other information. The other information comprises the Corporate Information, Our Business, Letter to our Stakeholders, 2022 Awards, The Gas Challenge, Statement of the Chief Executive Officer, Sustainability Performance, Financial Highlights and the Report of the Directors but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GHANA NATIONAL GAS LIMITED COMPANY (continued)

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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.

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GHANA NATIONAL GAS LIMITED COMPANY (continued)**

Auditor's responsibilities for the audit of the financial statements (continued)

We also provide the directors 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.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Companies Act, 2019 (Act 992) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iii) the Company's statement of financial position and the Company's statement of comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is George Kwesi Arhin (ICAG/P/1187).



PricewaterhouseCoopers (ICAG/F/2023/028)

Chartered Accountants

Accra, Ghana

15 May 2023



GHANA NATIONAL GAS LIMITED COMPANY
Financial Statements
for the year ended 31 December 2022

STATEMENT OF COMPREHENSIVE INCOME
(All amounts are in thousands of Ghana Cedis)

	Note	<u>Year ended 31 December</u>	
		2022	2021
Revenue	4	1,682,302	883,817
Operating cost	5	-	-
Operating expenses	6	<u>(288,990)</u>	<u>(243,820)</u>
Gross profit		1,393,312	639,997
Other income	7	11,779	10,567
Administrative expenses	8a	(716,266)	(324,584)
Exchange gains - net	9	213,258	14,892
Impairment (charge)/credit	11	<u>(138,797)</u>	<u>310,240</u>
Operating profit		763,286	651,112
Finance costs	10	<u>(745,729)</u>	<u>(74,020)</u>
Profit before income tax		17,557	577,092
Income tax expense	12	<u>(13,318)</u>	<u>(139,549)</u>
Profit for the year		4,239	437,543
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>4,239</u></u>	<u><u>437,543</u></u>

The accompanying notes on pages 32 to 65 form part of these financial statements and should be read in conjunction therewith.

GHANA NATIONAL GAS LIMITED COMPANY**Financial Statements****for the year ended 31 December 2022****STATEMENT OF FINANCIAL POSITION****(All amounts are in thousands of Ghana Cedis)**

		At 31 December	
ASSETS	Note	2022	2021
Non-current assets			
Property, plant and equipment	13	4,982,798	4,742,092
Intangible assets	14	3,531	14,699
		<u>4,986,329</u>	<u>4,756,791</u>
Current assets			
Inventories	16	52,606	45,833
Trade receivables	17	7,899,133	4,608,834
Other receivables	18	195,926	129,753
Other financial assets	19	84,717	129,015
Cash and cash equivalents	20	65,578	76,498
		<u>8,297,960</u>	<u>4,989,933</u>
Total assets		<u><u>13,284,289</u></u>	<u><u>9,746,724</u></u>
EQUITY AND LIABILITIES			
Equity			
Stated capital	25	100	100
Additional capital contribution	25	1,895,923	1,895,923
Retained earnings	26	1,472,526	1,468,287
Total equity		<u>3,368,549</u>	<u>3,364,310</u>
Liabilities			
Non-current liabilities			
Borrowings	23	2,098,933	1,527,803
Deferred tax liabilities	12	363,231	349,913
Environmental rehabilitation provision	24	43,832	26,361
		<u>2,505,996</u>	<u>1,904,077</u>
Current liabilities			
Trade and other payables	21	7,287,579	4,305,608
Current tax liabilities	12	25,002	25,058
Borrowings	23	97,163	147,671
		<u>7,409,744</u>	<u>4,478,337</u>
Total liabilities		<u>9,915,740</u>	<u>6,382,414</u>
Total equity and liabilities		<u><u>13,284,289</u></u>	<u><u>9,746,724</u></u>

The accompanying notes on pages 32 to 65 form part of these financial statements and should be read in conjunction therewith.

The financial statement on pages 28 to 65 were approved by the Board of Directors on 11 May 2023 and were signed on their behalf by:


CHIEF EXECUTIVE OFFICER


DIRECTOR

GHANA NATIONAL GAS LIMITED COMPANY**Financial Statements****for the year ended 31 December 2022****STATEMENT OF CHANGES IN EQUITY****(All amount are in thousands Ghana Cedis)**

<u>Year ended 31 December 2022</u>	Stated capital	Additional capital contribution	Retained earnings	Total
Balance at 1 January 2022	<u>100</u>	<u>1,895,923</u>	<u>1,468,287</u>	<u>3,364,310</u>
Profit for the year	-	-	4,239	4,239
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>4,239</u>	<u>4,239</u>
Balance at 31 December 2022	<u>100</u>	<u>1,895,923</u>	<u>1,472,526</u>	<u>3,368,549</u>
 <u>Year ended 31 December 2021</u>				
Balance at 1 January 2021	<u>100</u>	<u>1,895,923</u>	<u>1,030,744</u>	<u>2,926,767</u>
Profit for the year	-	-	437,543	437,543
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>437,543</u>	<u>437,543</u>
Balance at 31 December 2021	<u>100</u>	<u>1,895,923</u>	<u>1,468,287</u>	<u>3,364,310</u>

The accompanying notes on pages 32 to 65 form part of these financial statements and should be read in conjunction therewith.

GHANA NATIONAL GAS LIMITED COMPANY**Financial Statements****for the year ended 31 December 2022****STATEMENT OF CASH FLOWS****(All amounts are in thousands of Ghana Cedis)**

	Year ended 31 December	
	2022	2021
Cash flows from operating activities		
Profit before tax	17,557	577,092
Adjustments for:		
- depreciation on property, plant and equipment (Note 13)	191,748	154,985
- amortisation of intangible assets (Note 14)	11,387	11,437
- impairment charge/(credit) on financial assets (Note 11)	138,797	(310,240)
- interest accretion on rehabilitation provision (Note 24)	4,338	2,795
- foreign exchange on rehabilitation provision (Note 24)	11,345	965
- interest charge	14,237	-
- loss on write-off of property, plant and equipment (Note 13)	4,278	-
- foreign exchange loss on loan (Note 23)	710,975	60,177
Cash generated from operations before changes in working capital	1,104,662	497,211
Changes in working capital:		
Increase in inventories	(6,773)	783
Increase in trade receivables (excluding impairment)	(3,429,096)	(224,554)
(Increase)/decrease in other receivables	(66,173)	29,161
Decrease/(increase) in other financial assets (excluding impairment)	44,298	(86,434)
Increase in trade and other payables	2,981,971	137,800
Cash generated from operating activities	628,889	353,967
Interest paid	(16,721)	(25,533)
Income tax paid (Note 12)	(56)	(159)
Net cash inflows from operating activities	612,112	328,275
Cash flows from investing activities		
Purchases of property, plant and equipment (excluding addition of decommissioning assets) (Note 13)	(432,603)	(198,508)
Purchases of intangible assets (excluding transfers from property, plant and equipment) (Note 14)	(76)	-
Net cash outflows from investing activities	(432,679)	(198,508)
Cash flows from financing activities		
Repayment of loan (Note 23)	(203,373)	(152,775)
Proceeds from borrowings (Note 23)	13,020	33,925
Net cash outflows from financing activities	(190,353)	(118,850)
(Decrease)/increase in cash and cash equivalents	(10,920)	10,917
Cash and cash equivalents at beginning of year	76,498	65,581
Cash and cash equivalents at end of year (Note 20)	65,578	76,498

The accompanying notes on pages 32 to 65 form part of these financial statements and should be read in conjunction therewith.

GHANA NATIONAL GAS LIMITED COMPANY

Financial Statements

for the year ended 31 December 2022

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Ghana National Gas Limited Company is a limited liability company incorporated and domiciled in Ghana to carry on the business of developing and implementing the Western Corridor Gas Infrastructure Development Project for the purpose of aggregation and commercialisation of natural gas resources in Ghana. It was established on 27 July 2011 by the Government of Ghana. The registered address of the Company is Plot No. 225 Osibisa Close, Airport West, P.O.Box CT 3686, Cantonments, Accra.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of Ghana National Gas Limited Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992). These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.2 Changes in accounting policy and disclosures

(i) *New standards, amendments and interpretations adopted by the Company*

The Company applied the following standards and amendment for the reporting period commencing 1 January 2022:

Title	Key requirements	Effective Date
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.	1 January 2022

GHANA NATIONAL GAS LIMITED COMPANY

Financial Statements

for the year ended 31 December 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policy and disclosures (continued)

(i) *New standards, amendments and interpretations adopted by the Company (continued)*

Title	Key requirements	Effective Date
Annual Improvements to IFRS Standards 2018–2020	<p>The following improvements were finalised in May 2020:</p> <ul style="list-style-type: none">• IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.• IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.	1 January 2022

The directors have assessed the effects of the new standards and have applied them consistently in the Company's financial statements. The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect current or future periods.

(ii) *New standards and interpretations that are not yet effective and have not been early adopted by the Company*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company in preparing these financial statements. Those that are likely to have an impact on the Company's financial statements when the standards become effective are set out below:

GHANA NATIONAL GAS LIMITED COMPANY

Financial Statements

for the year ended 31 December 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policy and disclosures (continued)

(ii) *New standards and interpretations that are not yet effective and have not been early adopted by the Company (continued)*

Title	Key requirements	Effective Date
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	<p>The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).</p> <p>The amendments also clarify what IAS 1 means when it refers to the ‘settlement’ of a liability.</p> <p>The amendments could affect the classification of liabilities, particularly for entities that previously considered management’s intentions to determine classification and for some liabilities that can be converted into equity.</p> <p>They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.</p>	1 January 2024
Definition of Accounting Estimates – Amendments to IAS 8	<p>The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.</p>	1 January 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	<p>The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is ‘material accounting policy information’ and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.</p> <p>To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.</p>	1 January 2023

There are no other IFRSs or IFRIC interpretations that are not effective that would be expected to have a material impact on the Company’s in the current or future operating periods and on foreseeable future transactions.

GHANA NATIONAL GAS LIMITED COMPANY

Financial Statements

for the year ended 31 December 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.3 Foreign currency translation

a. Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ghana Cedis (GHS) which is also the Company's functional currency.

b. Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income and finance costs' respectively unless they are capitalised. All other foreign exchange gains and losses are presented in profit or loss within 'exchanges gains/losses - net'.

2.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Depreciation is provided on the depreciable amount of each asset on a straight-line basis over the anticipated useful life of the asset. The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs that the Company would currently obtain from the disposal of an asset in similar age and condition as expected at the end of the useful life of the asset.

Land and capital work in progress are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

• Buildings and structures	40 years
• Pipelines	40 years
• Plant, machinery and equipment	4-25 years
• Aviation helicopters	10 years
• Motor vehicles	4 years
• Office furniture	3 years
• IT and telecom equipment	3 years

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

Leasehold Improvement Cost

Where improvements are done to rented premises and are permanent in nature, and provide economic value to the extent of tenancy, these are depreciated over the life of the lease agreement, through profit or loss.

2.5 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 Company, 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 programs are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

2.6 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less costs to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying values of intangible 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 are written down to their recoverable amount.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the intangible asset (calculated as the difference between the net disposal proceeds and the carrying amount of the intangible asset) is included in profit or loss when the intangible asset is derecognised.

Intangible assets with finite lives are amortised over the useful economic life, which does not exceed three years. Useful lives and methods of amortisation for intangible assets are reviewed, and adjusted if appropriate, at each financial year end.

2.8 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation 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 Company expects some or all of a provision to be reimbursed, 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 profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, 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 a borrowing cost. Contingent liabilities and contingent assets are not recognised in the financial statements but are disclosed.

2.9 Environmental expenditures and liabilities

Environmental expenditures that relate to current or future revenues are expensed or capitalised as appropriate. Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future earnings are expensed. Liabilities for environmental costs are recognised when a clean-up is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. The amount recognised is the best estimate of the expenditure required. If the effect of the time value of money is material, the amount recognised is the present value of the estimated future expenditure.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.10 Employee benefits

Retirement benefit obligations

The Company contributes on behalf of its employees to the Social Security and National Insurance Trust (SSNIT) fund and the Tier two (2) approved pension scheme. These are defined contribution plans. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Payments to the defined contribution scheme are charged as an expense as they fall due.

Pension benefits

Employees who attain the age sixty (60) years as per statutory provisions shall retire from the service of Ghana Gas and shall be entitled to:

- a. Staff Provident Fund, if eligible;
- b. Cash payment for any accrued leave;
- c. Pro-rated 13th month salary; and
- d. Payment of One-Month Gross Salary for every year of service (limited to a maximum of twelve (12) years).

However, employees above the age of 55 may opt for voluntary retirement and in which case be entitled to all of the above except for (d) where payment of One-Month Gross Salary is limited to a maximum of twelve (12) years).

Employees with a minimum of 15 years' continuous service and above the age of 45 may be eligible for all of the above retirement benefits for voluntary retirement provided he/she:

- a. Proposes to take up a public appointment and, on the basis of his special qualification and experience has the potential to contribute significantly to the administration of the national economy;
- b. Proposes to take up farming;
- c. Is elected a traditional chief;
- d. For any other reason Ghana Gas may consider to be in the public interest;
- e. Gives the required minimum period of notice; or
- f. On medical grounds on the recommendation of a properly constituted medical board.

Long service awards scheme

Ghana Gas rewards long service, dedication and commitment to the Company. In furtherance of that, it operates an award scheme for all employees based on the attainment of certain milestones in the service of the Company. Employees are rewarded for their contribution to the Company for: 5, 10, 15, 20, 25 and 30 years of service. These liabilities will not be wholly settled within 12 months after the end of the reporting period and are measured at the present value of the expected payments to be made in respect of the service.

Retirement benefits

The Company recognises and rewards employees for their commitment and loyalty, in line with that, employees due for retirement upon attaining the mandatory retirement age of sixty (60) are given a reward package. However, some employees who opt for voluntary retirement at age fifty-five (55) may be entitled to the full retirement benefit upon meeting some qualifying conditions. In addition, reduced payments are available to employees who opt for early retirement at age forty-five (45) and have been in the service of the Company for a continuous period of fifteen (15) years.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.11 Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sale of products, stated net of discounts, rebates and value added taxes.

The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met.

Revenue from the sale of products is recognised at the point in time in the period in which the Company has delivered products to the customer and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

Revenue is recognised based on terms in the contracts with customers. The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

2.12 Income tax

a) Current tax

Current tax assets and liabilities for the current and prior period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss.

b) Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be recognised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.12 Income tax (continued)

b) Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.13 Financial instruments

Financial assets

i) Classification

The Company classifies its financial assets as ‘financial assets measured at amortised cost’. Financial instruments are classified as ‘financial assets at amortised cost’ when both criteria outlined below are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal (for non-interest bearing financial assets) or solely payments of principal and interest (for interest bearing financial assets).

ii) Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.13 Financial instruments (continued)

iii) Measurement

At initial recognition, the Company measures its financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent to initial recognition, these assets are measured at amortised cost using the effective interest rate method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss.

iv) Impairment

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost. Expected credit loss is the difference between the contractual cash flows and the cash flows that the entity expects to receive discounted using effective interest rate. Loss allowances for financial assets other than trade receivables are measured at an amount equal to lifetime Expected Credit Losses ('ECLs').

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Lifetime expected credit loss is computed based on a provision matrix, which takes into account historical credit loss experience adjusted for forward looking information. For trade receivables and other financial assets, ECL is measured at the amount equal to twelve-months ECL unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime ECL.

Financial liabilities

The Company's holdings in financial liabilities represents mainly trade and other payables and borrowings. These financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and demand deposit and other short term highly liquid investments that are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.15 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. The cost of natural gas and refined products is the purchase cost, the cost of processing, including the appropriate proportion of depreciation, depletion and amortisation and overheads based on normal operating capacity, determined on a weighted average basis. The net realisable value of gas and refined products is based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. The impairment provision is determined using the expected credit loss model by considering cash short falls in various default scenarios.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (where data is available and is obtained without undue effort or cost) affecting the ability of the customers to settle the receivables.

2.17 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are stated at their nominal value and recognised when an obligation to settle is established. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any differences between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.19 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.20 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.21 Ministry of Finance refund

Ministry of Finance refund represents proceeds from the sale of LPG and condensates payable to the Ministry of Finance. Ministry of Finance refund is classified as a current liability in the statement of financial position.

They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.22 Other receivables

The Company's other receivables comprise of advance payments and prepayments. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Prepayments are amortised over the period of the service for which the payment was made.

2.23 Stated capital

Ordinary shares are classified as 'stated capital' in equity

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Critical accounting estimates, assumptions and judgement

In the preparation of the financial statements, the Company makes estimations and applies judgement that could affect the reported amount of assets and liabilities within the next financial year. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

3.1 Income tax

Judgement is required to determine which arrangements are considered to be a tax on income as opposed to an operating cost. Judgement is also required to determine whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, natural gas prices, reserves, operating costs, decommissioning costs, capital expenditure, dividends and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the reporting date could be impacted.

In addition, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

3.2 Pipelines fill (line pack)

Natural Gas, which is necessary to bring a pipeline into working order, is treated as a part of the related pipeline. This is on the basis that it is not held for sale or consumed in a production process but is necessary for the operation of a facility during more than one operating cycle, and its cost cannot be recouped through sale (or is significantly impaired). This applies even if the part of inventory that is deemed to be an item of property, plant and equipment cannot be separated physically from the rest of inventory. It is valued at cost and is depreciated over the useful life of the related asset.

3.3 Impairment of accounts receivable

The Company reviews the carrying amounts of the account receivable balances to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in profit or loss, the Company makes judgments as to whether there is any observable data indicating that the receivable balance is impaired. This evidence may include observable data indicating that there has been an adverse change in the payment status of debtors. Management uses estimates based on historical loss experience for assets with credit risk. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The methodology and assumptions used for estimating both the amount and timing of future cash flows (based on the customer's financial situation and forward-looking factors) are reviewed regularly by management to reduce any differences between loss estimates and actual loss experience. Impairment allowances are recognised when there is objective evidence to suggest that the accounts receivable balance is impaired. The accuracy of the allowances depends on how well the entity estimates future cash flows.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Critical accounting estimates, assumptions and judgement (continued)

3.4 Provision for environmental rehabilitation costs

The entity assesses its environmental rehabilitation provision at least annually in accordance with the accounting policy stated in Note 2.9.

Significant judgement is required in determining the provision for environmental rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to restore the environment. Factors that will affect this liability include future development, changes in technology, price changes and changes in interest rates.

When these factors change or become known in the future, such differences will impact the environmental rehabilitation provision in the period in which they change or become known, which in turn would impact future financial results. The carrying amount of the provision for environmental rehabilitation costs is disclosed in note 24.

GHANA NATIONAL GAS LIMITED COMPANY**Financial Statements****for the year ended 31 December 2022****NOTES TO THE FINANCIAL STATEMENTS (continued)****(All amounts are in thousands of Ghana Cedis unless otherwise stated)****4. Revenue**

	2022	2021
Commodity	1,788,139	1,079,475
Gathering	16,802	-
Processing	120,521	71,889
Transportation	729,515	465,055
Regulatory Levy	111,178	28,953
Liquefied Petroleum Gas	615,854	286,026
Condensate	199,609	63,833
	<u>3,581,618</u>	<u>1,995,231</u>
Less: Commodity Price to Third Party	(1,614,871)	(979,374)
Regulatory Levy to Third Party	(115,470)	(31,940)
Service Charge to Third Party	(168,975)	(100,100)
	<u><u>1,682,302</u></u>	<u><u>883,817</u></u>

5. Operating cost

Regulatory Levy incurred on behalf of Third Party	115,470	31,940
Less: Recovery of Regulatory Levy	(115,470)	(31,940)
	<u><u>-</u></u>	<u><u>-</u></u>

6. Operating expenses

Operations and maintenance	76,217	70,312
Depreciation on property, plant and equipment (Note 13)	186,376	150,268
Operational insurance	26,397	23,240
	<u><u>288,990</u></u>	<u><u>243,820</u></u>

7. Other income

Interest on call account	3,979	5,673
Interest on fixed deposits	7,483	4648
Interest on current account	1	2
Miscellaneous income	316	244
	<u><u>11,779</u></u>	<u><u>10,567</u></u>

GHANA NATIONAL GAS LIMITED COMPANY**Financial Statements****for the year ended 31 December 2022****NOTES TO THE FINANCIAL STATEMENTS (continued)****(All amounts are in thousands of Ghana Cedis unless otherwise stated)****8. (a) Administrative expenses**

	2022	2021
Staff costs (Note 8b)	359,560	205,803
Staff business expense	82,585	11,368
Directors fees and other board expenses	3,921	1,519
Depreciation on property, plant and equipment (Note 13)	5,373	4,717
Amortisation	11,387	11,436
Legal services	2,547	229
Subscriptions and memberships	323	95
Sponsorship and donations	59,144	21,487
Consultancy services	1,467	190
Corporate communication and external relations	639	445
Corporate social responsibility	97,017	23,141
Crop compensation	-	70
Survey services	213	79
Insurance services	109	-
Statutory audit fee	1,303	322
Audit service	74	97
Office supplies	347	747
Company permits, fees and license	18,615	3,056
Bank charges	1,386	1,057
Office rent	1,168	486
Security, cleaning and maintenance	16,590	14,102
Printing and stationery	3,077	1,754
Safety, health and environment	12,186	4,915
Office utilities	4,393	4,312
Vehicle expenses	12,721	7,142
IT communication	1,688	1,276
IT maintenance and service	14,299	1,034
Communication expenses	4,134	3,705
	716,266	324,584

(b) Staff cost**The following items are included within staff costs:**

Salaries and allowances	277,462	158,477
SSNIT - Employer	18,074	9,379
Provident fund contribution - Employer	14,792	6,822
National service secretariat	1,475	1,098
Staff welfare services	30,997	23,061
Medical costs	6,056	3,327
Personnel training	8,542	2,867
Employee insurance	2,097	697
Other employee cost	65	75
	359,560	205,803

The number of staff as at the end of the year was 961 (2021: 826).

GHANA NATIONAL GAS LIMITED COMPANY**Financial Statements****for the year ended 31 December 2022****NOTES TO THE FINANCIAL STATEMENTS (continued)****(All amounts are in thousands of Ghana Cedis unless otherwise stated)****9. Exchange gains - net**

	2022	2021
Net foreign exchange gain	<u>213,258</u>	<u>14,892</u>

10. Finance costs

Interest expense	32,900	36,231
Exchange loss on borrowings	710,975	70,567
Amount capitalised	(2,484)	(35,485)
Unwinding of decommissioning costs	<u>4,338</u>	<u>2,707</u>
	<u>745,729</u>	<u>74,020</u>

Interest expense excludes interest on the Chinese Development Bank (CDB) loan due to the exclusion from the regulated asset base following the revision of the 2020 Approved Natural Gas Processing Charge and Natural Gas Transmission Service Charge.

11. Impairment allowance on financial assets

	2022	2021
At 1 January	199,644	509,884
Impairment charge/(credit) for the year	<u>138,797</u>	<u>(310,240)</u>
At 31 December	<u>338,441</u>	<u>199,644</u>

Impairment at the end of the reporting period comprises:

Trade receivables	327,793	188,996
Other financial assets	<u>10,648</u>	<u>10,648</u>
	<u>338,441</u>	<u>199,644</u>

The gas sale agreement between Ghana National Gas Limited Company and Volta River Authority (VRA) states that on the sixth (6th) Business Day after receipt of an invoice, the buyer shall pay the amount shown as due on the invoice in Ghana Cedi at the prevailing Bank of Ghana exchange rate by direct transfer of cleared same day funds into such bank account designated by Ghana National Gas Limited Company to buyer from time to time and any such payment must be credited to Ghana National Gas Limited Company's designated bank account. Volta River Authority's indebtedness to Ghana National Gas Limited Company as at 31 December 2022 has been outstanding for more than a year. However, none of these debts are impaired. This is in accordance with International Financial Reporting Standards.

12. Income tax***Income tax expense***

The tax charge in profit or loss comprise:

	2022	2021
Deferred tax charge	13,318	129,597
Current tax charge	<u>-</u>	<u>9,952</u>
	<u>13,318</u>	<u>139,549</u>

GHANA NATIONAL GAS LIMITED COMPANY**Financial Statements****for the year ended 31 December 2022****NOTES TO THE FINANCIAL STATEMENTS (continued)****(All amounts are in thousands of Ghana Cedis unless otherwise stated)****12. Income tax (continued)***Income tax expense (continued)*

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2022	2021
Profit before income tax	<u>17,557</u>	<u>577,092</u>
Tax calculated at the statutory income tax rate of 25%	4,390	144,273
Other timing differences	<u>8,928</u>	<u>(4,724)</u>
Income tax expense	<u>13,318</u>	<u>139,549</u>

*Current tax***Year ended 31 December 2022**

Year of assessment	At start of year	Charge for the year	Payment in the year	At end of year
Up to 2021	25,058	-	-	25,058
2022	<u>-</u>	<u>-</u>	<u>(56)</u>	<u>(56)</u>
	<u>25,058</u>	<u>-</u>	<u>(56)</u>	<u>25,002</u>

Year ended 31 December 2021

Year of assessment

Up to 2020	15,265	-	-	15,265
2021	<u>-</u>	<u>9,952</u>	<u>(159)</u>	<u>9,793</u>
	<u>15,265</u>	<u>9,952</u>	<u>(159)</u>	<u>25,058</u>

Deferred tax (assets)/liabilities

The movement on the deferred income tax account is as follows:

	2022	2021
At start of year	349,913	220,316
Charge to profit or loss	<u>13,318</u>	<u>129,597</u>
At end of year	<u>363,231</u>	<u>349,913</u>

GHANA NATIONAL GAS LIMITED COMPANY**Financial Statements****for the year ended 31 December 2022****NOTES TO THE FINANCIAL STATEMENTS (continued)****(All amounts are in thousands of Ghana Cedis unless otherwise stated)****12. Income tax (continued)*****Deferred tax (assets)/liabilities (continued)***

Deferred tax assets and liabilities and deferred tax charged to profit or loss, are attributable to the following items:

	At start of year	Charge/(credit) during the year	At end of year
<u>Year ended 31 December 2022</u>			
Accelerated capital allowance	545,617	63,985	609,602
Tax losses	-	(64,222)	(64,222)
Other deductible temporary differences	(195,704)	13,555	(182,149)
	<u>349,913</u>	<u>13,318</u>	<u>363,231</u>
<u>Year ended 31 December 2021</u>			
Accelerated capital allowance	497,433	48,184	545,617
Other deductible temporary differences	(277,117)	81,413	(195,704)
	<u>220,316</u>	<u>129,597</u>	<u>349,913</u>

Deferred taxes are calculated on temporary differences using the liability method and using a principal tax rate of 25% (2020: 25%).

GHANA NATIONAL GAS LIMITED COMPANY

Financial Statements

for the year ended 31 December 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

13. Property, plant and equipment

Year ended 31 December 2022

	Land	Buildings and structures	Pipelines	Plant, machinery and equipment	Aviation helicopters	Motor vehicles	Office furniture	IT and telecom equipment	Capital work-in-progress	Total
Cost										
At 1 January 2022	154,916	160,307	2,919,348	1,112,060	344,480	13,825	9,117	9,537	983,631	5,707,221
Additions	13,279	-	48,346	8,450	-	-	1,608	603	362,105	434,391
Borrowing costs capitalised	-	-	-	-	-	-	-	-	2,484	2,484
Write-off	-	-	-	-	-	-	-	-	(4,278)	(4,278)
Transfers to intangible assets	-	-	-	-	-	-	-	-	(143)	(143)
Transfers	-	-	365,955	459,909	-	-	-	-	(825,864)	-
At 31 December 2022	168,195	160,307	3,333,649	1,580,419	344,480	13,825	10,725	10,140	517,935	6,139,675
Accumulated depreciation										
At 1 January 2022	-	15,232	421,666	286,822	221,390	6,371	6,924	6,724	-	965,129
Charge for the year	-	4,917	74,408	72,603	34,448	2,655	1,121	1,596	-	191,748
At 31 December 2022	-	20,149	496,074	359,425	255,838	9,026	8,045	8,320	-	1,156,877
Net book amount										
At 31 December 2022	168,195	140,158	2,837,575	1,220,994	88,642	4,799	2,680	1,820	517,935	4,982,798

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's general borrowings during the year, in this case 9% (2020 – 9%).

Additions include cash acquisitions of GHS432,603 and non-cash acquisitions of GHS1,788.

GHANA NATIONAL GAS LIMITED COMPANY

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for the year ended 31 December 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

13. Property, plant and equipment (continued)

Year ended 31 December 2021

	Land	Buildings and structures	Pipelines	Plant, machinery and equipment	Aviation helicopters	Motor vehicles	Office furniture	IT and telecom equipment	Capital work in progress	Total
Cost										
At 1 January 2021	151,648	159,884	2,911,241	1,100,314	344,480	8,879	7,616	7,276	791,076	5,482,414
Additions	3,268	-	8,107	1,046	-	4,946	1,501	2,261	177,379	198,508
Borrowing costs capitalised	-	-	-	-	-	-	-	-	35,923	35,923
Transfers to intangible assets	-	-	-	-	-	-	-	-	(9,624)	(9,624)
Other transfers	-	423	-	10,700	-	-	-	-	(11,123)	-
At 31 December 2021	154,916	160,307	2,919,348	1,112,060	344,480	13,825	9,117	9,537	983,631	5,707,221
Accumulated depreciation										
At 1 January 2021	-	10,325	356,202	241,373	186,942	4,341	6,009	4,952	-	810,144
Charge for the year	-	4,907	65,464	45,449	34,448	2,030	915	1,772	-	154,985
At 31 December 2021	-	15,232	421,666	286,822	221,390	6,371	6,924	6,724	-	965,129
Net book amount										
At 31 December 2021	154,916	145,075	2,497,682	825,238	123,090	7,454	2,193	2,813	983,631	4,742,092

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's general borrowings during the year, in this case 9% (2020 – 9%).

Borrowing cost capitalised include facility fee of GHS438,000 which has been settled during the year.

GHANA NATIONAL GAS COMPANY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

13. Property, plant and equipment (continued)

Depreciation expense is charged to operating expenses and administrative expenses as follows:

	2022	2021
Administrative expenses	5,372	4,716
Operating expenses	<u>186,376</u>	<u>150,268</u>
	<u>191,748</u>	<u>154,985</u>

14. Intangible assets

Software

Cost

At 1 January	49,663	40,039
Transfers from capital work in progress	219	9,624
At 31 December	<u>49,882</u>	<u>49,663</u>

Amortisation

At 1 January	34,964	23,527
Charge for the year	11,387	11,437
At 31 December	<u>46,351</u>	<u>34,964</u>
Net book amount at 31 December	<u>3,531</u>	<u>14,699</u>

15. Capital work in progress

The capital work in progress represents the followings:

NGL Export Systems	54,461	54,461
Marker buoys	-	4,287
Gas Chromatograph & Hydro carbon	5,088	-
Fiscal Metering system for TDS & DVS	19,912	-
Document Management System	4,260	3,329
Main line compressor	-	356,563
Atuabo Power Interconnection	3,663	3,663
Karpowership Gas Pipeline Project	-	215,249
Karpowership Gas Pipeline Project Feed	-	4,831
2nd Train Gas Processing Plant	33,494	33,394
Gas Village	35,670	35,028
Trauma Centre	32,349	32,338
Takoradi Tema Pipeline	96,823	96,793
LPG Bottling Plant	10,411	7,032
Karela Building	102,974	49,068
Compressor No.3	10,514	-
Disaster Recovery System	35,334	64,236
Scanpass Canteen Software	-	66
Design, fabrication and Installation of Genset Shed	9,263	9,151
Construction of Gas Pipeline from Atuabo to Sinagbo	12,026	13,044
LPG Billing Meter	1,718	1,098
Pressure regulatory skid	9,998	-
High Integrity Pressure Protection	10,200	-
Gas House Annex 2	29,394	-
Waste Storage Area GPP and TDS	383	-
	<u>517,935</u>	<u>983,631</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

16. Inventories

	2022	2021
Consumables spares	50,420	45,583
Finished goods – Natural Gas Liquids	2,186	250
	<u>52,606</u>	<u>45,833</u>

Inventories recognised as an expense during the year ended 31 December 2022 amounted to GHS17.54 million (2021: GHS10.69 million). These were included in operating expenses.

17. Trade receivables

	2022	2021
Related party receivables	7,107,272	4,203,329
Other trade receivables	1,119,654	594,501
Allowance for impairment (note 11)	(327,793)	(188,996)
	<u>7,899,133</u>	<u>4,608,834</u>
Gross trade receivables	8,226,926	4,797,830
Less allowance for impairment of trade receivables	(327,793)	(188,996)
Net trade receivables	<u>7,899,133</u>	<u>4,608,834</u>

18. Other receivables

Advance payments	60,233	42,184
Rent prepayment	279	235
Insurance prepayment	42,670	27,522
Other prepayments	92,744	59,812
	<u>195,926</u>	<u>129,753</u>

19. Other financial assets

Call account	14,748	78,416
Fixed deposits	62,630	46,675
Staff debtors	5,955	2,195
Investment income receivable	12,032	12,377
Allowance for impairment of fixed deposits and investment (Note 11)	(10,648)	(10,648)
	<u>84,717</u>	<u>129,015</u>

The maximum staff indebtedness during the year did not exceed GHS5,955,000 (2021: GHS1,795,000).

GHANA NATIONAL GAS COMPANY LIMITED
FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

20. Cash and cash equivalents

	2022	2021
Cash on hand	786	936
Cash at bank	<u>64,792</u>	<u>75,562</u>
	<u>65,578</u>	<u>76,498</u>

21. Trade and other payables

Related party payables (Note 28)	6,039,365	2,616,337
Other trade payables	1,082,770	1,516,004
Accruals	<u>165,444</u>	<u>173,267</u>
	<u>7,287,579</u>	<u>4,305,608</u>

22. Ministry of Finance Refund

At 1 January	-	-
Refund waived during the year	<u>-</u>	<u>-</u>
At 31 December	<u>-</u>	<u>-</u>

GHANA NATIONAL GAS COMPANY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

23. Borrowings

		At 01/01/2022	Draw- Downs	Exchange difference	Repayment	Interest on loan	Interest released	At 31/12/2022
Ecobank	Term Loan I	92,711	7,607	41,674	(89,746)	7,861	-	60,106
Cal Bank	Term Loan II	65,030	5,413	29,183	(68,881)	6,312	-	37,057
Cal Bank	Term Loan III	47,772	-	11,146	(61,467)	2,548	-	-
CDB	Shareholder Loan	1,469,961	-	628,972	-	-	-	2,098,933
		1,675,474	13,020	710,975	(220,094)	16,721	-	2,196,096

		At 01/01/2021	Draw- Downs	Exchange difference	Repayment	Interest on loan	Interest released	At 31/12/2021
Ecobank	Term Loan I	121,622	19,786	4,459	(62,767)	9,611	-	92,711
Cal Bank	Term Loan II	85,446	14,139	3,101	(44,800)	7,144	-	65,030
Cal Bank	Term Loan III	106,905	-	2,830	(70,303)	8,340	-	47,772
CDB	Shareholder Loan	1,409,784	-	60,177	-	-	-	1,469,961
		1,723,757	33,925	70,567	(177,870)	25,095	-	1,675,474

	2022	2021
Current	97,163	147,671
Non-Current	2,098,933	1,527,803
	2,196,096	1,675,474

Term Loan I

This is a 5-year term loan with a principal amount of USD 35 million from Ecobank Ghana PLC. It is part of a syndicated loan of USD 60 million with Cal Bank PLC as the other lender. The purpose of this loan is to finance the construction of the Anokyi Mainline Compressor Station. The effective date of borrowing is August 2019 and matures in July 2023. It bears an interest of the prevailing base rate minus a margin of 2%.

GHANA NATIONAL GAS COMPANY LIMITED
FINANCIAL STATEMENTS
for the year ended 31 December 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

23. Borrowings (continued)

Term Loan 2

This is a 5-year term loan with a principal amount of USD 25 million from Cal Bank PLC . It is part of a syndicated loan of USD 60 million with Ecobank Ghana PLC as the other lender. The purpose of this loan is to finance the construction of the Anokyi Mainline Compressor Station. The effective date of borrowing is August 2019 and matures in July 2023. It bears an interest of the prevailing base rate minus a margin of 2%.

Security held by the bank include the following:

- i. Debenture over fixed and floating assets of the Company;
- ii. Charge over sales proceeds to be generated from Anokyi Mainline Compressor Station;
- iii. Assignment of insurance proceeds from assets insured by the Company supporting the borrowing; and
- iv. Mortgage over the compressor and the Anokyi Mainline Compressor Station.

Term Loan 3

This is a medium term loan with a principal amount of USD 26.5 million initially contracted by Amandi Investments Limited and subsequently refinanced by the Company from Cal Bank PLC. The purpose of this loan is to finance the construction of a gas pipeline from Aboadze to Sekondi. The effective date of borrowing is May 2020 with repayment over a period not exceeding 48months. It bears an interest of 11%.

Shareholder Loan

The total principal amount advanced by the shareholder at the end of the financial year 2020 amounts to US\$ 245 million (GHS1.5 billion) (2020: GHS1.4 billion). The facility is supported by a Parliamentary Approved Subsidiary Loan agreement dated 13 June 2012 under tranche B of the US\$3 Billion Master Facility Agreement in respect of the Western Corridor Gas Infrastructure Development Project. As part of the conditions, the Government of Ghana is supposed to contribute 15% of the loan amount as counterpart funding.

The duration of the loan is ten (10) years with three months' grace period at an interest rate of 6.19% per annum. Repayment commenced in January 2020.

24. Environmental rehabilitation provision

	2022	2021
At 1 January	26,361	22,601
Additions	1,788	-
Interest accretion	4,338	2,795
Exchange loss	11,345	965
At 31 December	43,832	26,361

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NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

25. Stated capital and additional capital contribution

Stated capital	Number of issued shares	Amount
Balance at 1 January and 31 December 2022	<u>100,000</u>	<u>100,000</u>

The total number of authorised and issued shares is 100,000 of no par value. All issued shares are fully paid. There are no shares in treasury. There was no change in stated capital during the year.

Additional capital contribution

This represents cash contributions made by the shareholder towards issue of additional ordinary shares in the Company.

26. Retained earnings

Retained earnings represents earnings retained by the Company. The movement in the retained earnings is shown as part of the statement of changes in equity on page 30 of these financial statements.

27. Financial assets and financial liabilities

a. Financial assets classified at amortised cost:

	2022	2021
Trade and other receivables (excluding prepayments)	8,287,159	4,840,014
Other financial assets	84,717	129,015
Cash and cash equivalents	<u>65,578</u>	<u>76,498</u>
	<u>8,437,454</u>	<u>5,045,527</u>

b. Financial liabilities at amortised cost:

Borrowings (Notes 23)	2,196,096	1,675,474
Trade and other payables (excluding statutory payments)	<u>7,271,784</u>	<u>4,295,760</u>
	<u>9,467,880</u>	<u>5,971,234</u>

c. Fair value:

The fair value of the Company's financial assets and liabilities set out in note 27(a) and 27(b) approximate their fair value due to their short term nature. For the non-current financial liabilities, the fair values are not materially different from their carrying amounts since the interest payable is close to current market rates.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

28. Related party transactions

The Company is wholly owned by Ghana National Petroleum Company, a company incorporated in Ghana. There are other companies that are related to the entity through common shareholding.

The following transactions were carried out with related parties:

	2022	2021
<i>Commodity Sales and Provision of Services</i>		
Volta River Authority	1,257,417	816,920
Ghana National Petroleum Corporation	<u>541,278</u>	<u>330,540</u>
<i>Commodity Purchases</i>		
Ghana National Petroleum Corporation	<u>1,614,873</u>	<u>979,374</u>
Year-end balances arising from sale and purchase of goods/ services		
<i>Amounts due from related parties</i>		
Volta River Authority	6,169,503	3,712,898
Ghana National Petroleum Corporation	<u>937,768</u>	<u>490,431</u>
	<u>7,107,272</u>	<u>4,203,329</u>
<i>Amount due to related parties</i>		
Ghana National Petroleum Corporation	<u>6,039,365</u>	<u>2,616,337</u>

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 2022.

Key Management Personnel Compensation

Key management includes directors (executive and non-executive) and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2022	2021
Salaries and other short term benefits	<u>57,366</u>	<u>54,223</u>

Key management compensation for the year includes salaries, allowances and other benefits.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

29. Financial risk management

The Company's principal financial liabilities comprise of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include trade and other receivables, other financial assets and cash and cash equivalents.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. Management are governed by appropriate policies and procedures. Financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

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

a) 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 comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to management. The policy is reviewed regularly to effect changes in the risk environment.

NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

29. Financial risk management (continued)

a) Market risk (continued)

(i) Currency risk

The Company purchases raw materials denominated in foreign currencies and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the United States dollar (US\$). Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities.

At 31 December 2022, if the currency had weakened/strengthened by 10% (2021: 10%) against the United States dollar (US\$) with all other variables held constant, post-tax profit for the year would have been GHS44,667 (2021: GHS14,602) higher/lower, mainly as a result of United States dollar (US\$) denominated trade receivables, payables and bank balances.

The directors' policy to manage foreign exchange risk is to hold foreign currency bank accounts for purchases of materials.

(ii) Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk. There is no risk exposure as the Company is yet to sign the on lending agreement with the Ministry of Finance.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

- Credit risks related to trade receivables are systematically monitored taking into account customer's financial position, past experience and other factors;
- Management systematically reviews ageing analysis of receivables and uses this information as well as current and forward looking information for calculation of impairment provision;
- For other financial assets, the Company transacts business and holds funds with only financial institutions licensed by the regulator; and
- Cash and cash equivalents are deposited only with banks licensed by the Bank of Ghana.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

29. Financial risk management (continued)

b) Credit risk (continued)

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected loss rates based on the payment profiles of customers and the credit terms given to them are as follows:

At 31 December 2022	Current	Aged 1-30 days	Aged 31-90 days	Aged 91-180 days	Over 180 days	Total
Expected loss rate	0%	0%	0%	0%	5.09%	
Gross carrying amount	<u>56,440</u>	<u>33,519</u>	<u>805,126</u>	<u>895,085</u>	<u>6,436,756</u>	<u>8,226,926</u>
Loss allowance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>327,793</u>	<u>327,793</u>
At 31 December 2021						
Expected loss rate	0%	0%	0%	0%	4.05%	
Gross carrying amount	<u>55,228</u>	<u>24,927</u>	<u>48,845</u>	<u>5,448</u>	<u>4,663,382</u>	<u>4,797,830</u>
Loss allowance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,996</u>	<u>188,996</u>

The table below shows the Company's maximum exposure to credit risk before collateral held by class of financial instruments:

At 31 December 2022	Gross carrying amount	Loss allowance	Carrying amount
Trade receivables	8,226,926	(327,793)	7,899,133
Other financial assets	95,365	(10,648)	84,717
Cash at bank	64,792	-	64,792
	<u>8,387,083</u>	<u>(338,441)</u>	<u>8,048,642</u>
At 31 December 2021			
Trade receivables	4,797,830	(188,996)	4,608,834
Other financial assets	139,663	(10,648)	129,015
Cash at bank	75,562	-	73,562
	<u>5,013,055</u>	<u>(199,644)</u>	<u>4,813,411</u>

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29. Financial risk management (continued)

b) Credit risk (continued)

Collateral is held against all receivables as per the commercial agreement with Ecobank Ghana PLC. Amounts due from Volta River Authority and others are past due or impaired and their approved credit limits expired. This has since not been renegotiated.

Credit risk concentration

The Company does not have significant credit risk exposure to any other single counterparty or any group of counterparties.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities.

The Company is wholly capitalised by the Government of Ghana. The Company also had other short-term loans from Ecobank Ghana PLC and Cal Bank PLC during the year.

Management's effort to mitigate the Company's exposure to liquidity risk is by constant monitoring and reviewing of its exposures and reporting to the Board of Directors and sector Ministry for action.

The following policies and procedures are in place to mitigate the Company's exposure to liquidity risk:

- All liquidity risks are monitored and reviewed by management. Exposures identified are reported to the Board of Directors for action; and
- Management's aim is to maintain flexibility in financing sources by having undrawn committed facilities available to meet foreseeable borrowing requirements.

Maturity Profiles

The table that follows summarises the maturity profile of the financial liabilities of the Company based on remaining undiscounted contractual obligations.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in thousands of Ghana Cedis)

29. Financial risk management (continued)

c) Liquidity risk (continued)

At 31 December 2022

	Due within one year	Due after one year
Borrowings	97,163	2,107,293
Trade and other payables (excluding statutory payments)	7,271,784	-
	7,368,947	2,107,293

At 31 December 2021

Borrowings	147,671	1,527,803
Trade and other payables (excluding statutory payments)	4,295,760	-
	4,443,431	1,527,803

Financing facilities

Secured loan facility

	2022	2021
Amount used	2,196,096	1,752,543
Amount unused	-	-
	2,196,096	1,752,543

d) Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

29. Financial risk management (continued)

e) Capital management

The Company considers equity and debt to be the principal elements of capital management. The Company's objectives when managing capital are to safeguard the Company's position as a leading energy company by further increasing the reliability of electricity supplies and diversifying activities in the energy sector, in the domestic markets.

In order to maintain or adjust the capital structure, the Company may revise its investment program, attract new or repay existing loans and borrowings or sell certain non-core assets.

The Company's objectives when managing capital, which is a broader concept than the 'equity on the reporting date' is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company aspires to maintain a policy to keep its gearing ratio of 70% debt and 30% equity.

The table below summarises the gearing of the Company at 31 December:

	2022	2021
Borrowings (Note 23)	2,196,096	1,675,474
Less: Cash and cash equivalents (Note 20)	(65,578)	(76,498)
Net debt	2,130,518	1,598,976
Total equity	3,368,549	3,364,310
Total capital	<u>5,499,067</u>	<u>4,963,286</u>
Gearing ratio	<u>39%</u>	<u>32%</u>

30. Capital commitments

There were no capital commitments at 31 December 2022 (2021:Nil).

31. Contingent liabilities

There were no contingent liabilities at 31 December 2022 (2021:Nil).

32. Subsequent events

The directors are not aware of any material events after the end of the reporting period, which could have had a material effect on the state of affairs of the Company as at the date the financial statements were approved by the directors which have not been adequately provided for and/or disclosed.

