



PETROLEUM FUNDS

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2016**

PETROLEUM FUNDS

Annual Report

for the year ended 31 December 2016

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Annual Report

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GENERAL INFORMATION

Fund Managers	Evelyn Kwatia (Head of Financial Markets, Bank of Ghana) Nana Aba Ashun (Head of Petroleum Funds Secretariat, Financial Markets Department, Bank of Ghana) Richard Assan (Petroleum Unit, Bank of Ghana) Samuel Anin (Petroleum Unit, Bank of Ghana)
Registered Office	Bank of Ghana 1 Thorpe Road P. O. Box GP 2674 Accra, Ghana
Independent auditor	PricewaterhouseCoopers Chartered Accountants UNA Home, 3 rd Floor Airport city PMB CT42 Cantonments Accra
Bankers	Federal Reserve Bank of New York Euroclear SA/NV

REPORT OF THE FUND MANAGERS

The Fund Managers submit their report together with the audited financial statements for the year ended 31 December 2016, which disclose the state of affairs of the Petroleum Funds.

Statement of Fund Managers' responsibilities

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

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

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

Principal activities

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

Financial results

The results of the year and position of the Petroleum Funds are set out on pages 9 to 13. The Petroleum Funds received a total of US\$247 million as petroleum revenue during the year under review. The funds received were distributed as follows:

	US\$'million
Ghana National Petroleum Corporation (GNPC)	88
Annual Budget Funding Amount (ABFA)	98
Ghana Stabilisation Fund	30
Ghana Heritage Fund	13
Undistributed	<u>18</u>
	<u>247</u>

Total undistributed portion of the funds received into the Petroleum Holding Fund (PHF) as at 31 December 2016 was US\$27.6 million. (31 December 2015: US\$9.4 million)

REPORT OF THE FUND MANAGERS (continued)

Financial results (continued)

Investment income earned on the Ghana Heritage Fund and the Ghana Stabilisation Fund during the year was US\$4.95 million and US\$0.84 million respectively.

Transfers to the Annual Budget Funding Amount (ABFA)

Total transfers to the ABFA in the year was US\$98 million. The ABFA benchmark for the year was set at US\$252.25 million with a benchmark price of US\$53.05 per barrel.

In the second half of the year, the benchmark price was revised downwards to US\$45.35 per barrel leading to a new ABFA benchmark of US\$149.76 million. There were no transfers from the Ghana Stabilisation Fund to ABFA in accordance with section 23 (5) of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

Withdrawals from the Ghana Stabilisation Fund

Paragraph 196 of the 2016 National Budget proposed to set the cap on the Ghana Stabilisation Fund beginning with US\$200 million in 2016 with the aim of growing to a maximum of US\$400 million in the medium term. This is in line with Section 23 (3) of the Petroleum Revenue Management Act, 2011 (Act 815).

Paragraph 196 of the 2016 National Budget also provided that, any excess amount over the cap should be treated as follows:

- 50 percent deposited into the Sinking Fund;
- 25 percent deposited into the Contingency Fund; and
- the remaining 25 percent maintained in the GSF.

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REPORT OF THE FUND MANAGERS (continued)

Withdrawals from the Ghana Stabilisation Fund (continued)

The starting cap of US\$200 million was reduced to US\$100 million per paragraph 163 of the 2016 Mid-year Budget Review. The balance on the Ghana Stabilisation Fund at 31 December 2016 was US\$207.7 million giving rise to an excess of US\$107.7 million. As at 31 December 2016, the excess had not been withdrawn.

Fund managers

The names of the Fund Managers are disclosed on page 1. On 1 July 2016, Evelyn Kwatia replaced Yao A. Abalo as the Head of Financial Markets of the Bank of Ghana and also as Fund Manager.

Name of Fund Manager: *Nana Asa Asen*

Signature: *[Signature]*

Date: *June 29, 2017*

Name of Fund Manager: *EVELYN KWATIA*

Signature: *[Signature]*

**REPORT OF THE INDEPENDENT AUDITOR
TO THE AUDITOR-GENERAL OF THE REPUBLIC OF GHANA
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 the Petroleum Funds as at 31 December 2016 and of its financial performance, receipts and disbursements, and deposits and withdrawals for the year then ended in accordance with International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of accounting and in the manner required by the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

What we have audited

We have audited the financial statements of the Petroleum Funds for the year ended 31 December 2016.

The financial statements set out on pages 8 to 26 comprise:

- the statement of affairs as at 31 December 2016;
- the income and expenditure account for the year then ended;
- the Petroleum Holding Fund statement of cash receipts and disbursements for the year then ended;
- the Ghana Stabilisation Fund statement of deposits and withdrawals for the year then ended;
- the Ghana Heritage Fund statement of deposits and withdrawals for the year then ended; 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 Petroleum Funds in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The Fund Managers are responsible for the other information. The other information is the Report of the Fund Managers, 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.

**REPORT OF THE INDEPENDENT AUDITOR
TO THE AUDITOR-GENERAL OF THE REPUBLIC OF GHANA (continued)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Other information (continued)

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.

Responsibilities of the Fund Managers for the financial statements

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

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

The Fund Managers are responsible for overseeing the 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 internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Managers;
- Conclude on the appropriateness of the Fund Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern.

**REPORT OF THE INDEPENDENT AUDITOR
TO THE AUDITOR-GENERAL OF THE REPUBLIC OF GHANA (continued)
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)**

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

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

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

REPORT ON OTHER LEGAL REQUIREMENTS

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

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

The engagement partner on the audit resulting in this independent auditor's report is Michael Asiedu-Antwi (ICAG/P/1138).



PricewaterhouseCoopers (ICAG/F/2017/028)

Chartered Accountants

Accra, Ghana

5 July 2017



PETROLEUM FUNDS
Financial statements
for the year ended 31 December 2016

INCOME AND EXPENDITURE ACCOUNT
(All amounts are in US Dollars)

	Note	Year ended 31 December		
		2016	2015	2014
Investment income	9	5,794,058	4,520,081	5,881,040
Bank charges	10	<u>(23,595)</u>	<u>(21,894)</u>	<u>(29,691)</u>
Surplus income for the year		<u>5,770,463</u>	<u>4,498,187</u>	<u>5,851,349</u>
INCOME RESERVE				
Balance brought forward		10,309,263	5,811,076	2,787,239
Surplus income for the year		<u>5,770,463</u>	<u>4,498,187</u>	<u>5,851,349</u>
		16,079,726	10,309,263	8,638,588
Withdrawal of net income	13	<u>-</u>	<u>-</u>	<u>(2,827,512)</u>
		<u>16,079,726</u>	<u>10,309,263</u>	<u>5,811,076</u>

The notes on pages 13 to 26 are an integral part of these financial statements

PETROLEUM FUNDS
Financial statements
for the year ended 31 December 2016

STATEMENT OF AFFAIRS
 (All amounts are in US Dollars)

ASSETS	Note	<u>At 31 December</u>		
		2016	2015	2014
Investment	11	254,768,499	235,166,794	213,650,752
Bank balances	12	<u>257,499,006</u>	<u>211,027,362</u>	<u>322,982,385</u>
Total Assets		<u>512,267,505</u>	<u>446,194,156</u>	<u>536,633,137</u>
FINANCED BY:				
Accumulated fund	13	496,187,779	435,884,893	530,822,061
Income reserve		<u>16,079,726</u>	<u>10,309,263</u>	<u>5,811,076</u>
Total accumulated fund and reserve		<u>512,267,505</u>	<u>446,194,156</u>	<u>536,633,137</u>

The notes on pages 13 to 26 are an integral part of these financial statements.

The financial statements on pages 8 to 26 were approved by the Fund Managers on June 29, 2017 and signed on its behalf by:

Name of Fund Manager: Nana Aba Aboham Name of Fund Manager: FUELIN KWARTIA
 Signature: [Signature] Signature: [Signature]

PETROLEUM HOLDING FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
(All amounts are in US Dollars)

	Note	<u>Year ended 31 December</u>		
		2016	2015	2014
Opening balance		9,414,557	1,073,874	296,109
Total funds received	3	<u>247,175,394</u>	<u>396,167,723</u>	<u>978,795,521</u>
Total funds available		<u>256,589,951</u>	<u>397,241,597</u>	<u>979,091,630</u>
Distributions:				
Transfers to GNPC equity finance	4	(58,114,054)	(65,913,926)	(44,162,009)
Transfers to GNPC carried and participating interest	5	(30,383,038)	(60,944,797)	(136,550,463)
Transfers to Annual Budget Funding Amount (ABFA)	6	(98,375,416)	(239,295,371)	(409,072,776)
Transfers to Ghana Stabilisation Fund	7	(29,512,625)	(15,171,062)	(271,762,755)
Transfers to Ghana Heritage Fund	8	(12,648,268)	(6,501,884)	(116,469,753)
Total distributions		<u>(229,033,401)</u>	<u>(387,827,040)</u>	<u>(978,017,756)</u>
Undistributed receipts		<u>27,556,550</u>	<u>9,414,557</u>	<u>1,073,874</u>

The notes on pages 13 to 26 are an integral part of these financial statements.

GHANA STABILISATION FUND
STATEMENT OF DEPOSITS AND WITHDRAWALS
(All amounts are in US Dollars)

	Note	<u>Year ended 31 December</u>		
		2016	2015	2014
Opening balance		177,396,124	286,644,041	319,034,150
Total funds received from the Petroleum Holding Fund	7	<u>29,512,625</u>	<u>15,171,062</u>	<u>271,762,755</u>
		206,908,749	301,815,103	590,796,905
Interest received	9	845,150	538,215	1,549,380
Bank charges	10	<u>(5,238)</u>	<u>(6,397)</u>	<u>(17,556)</u>
		207,748,661	302,346,921	592,328,729
Total funds withdrawn	14	<u>-</u>	<u>(124,950,797)</u>	<u>(305,684,688)</u>
Accumulated fund		<u>207,748,661</u>	<u>177,396,124</u>	<u>286,644,041</u>

The notes on pages 13 to 26 are an integral part of these financial statements.

GHANA HERITAGE FUND
STATEMENT OF DEPOSITS AND WITHDRAWALS
(All amounts are in US Dollars)

	Note	Year ended 31 December		
		2016	2015	2014
Opening balance		259,383,470	248,915,217	128,125,939
Total funds received from the Petroleum Holding Fund	8	<u>12,648,268</u>	<u>6,501,884</u>	<u>116,469,753</u>
		272,031,738	255,417,101	244,595,692
Interest received	9	4,948,908	3,981,866	4,331,660
Bank charges	10	<u>(18,357)</u>	<u>(15,497)</u>	<u>(12,135)</u>
		276,962,289	259,383,470	248,915,217
Total funds withdrawn		<u>-</u>	<u>-</u>	<u>-</u>
Accumulated fund		<u>276,962,289</u>	<u>259,383,470</u>	<u>248,915,217</u>

The notes on pages 13 to 26 are an integral part of these financial statements.

NOTES

1. Mandate

The Bank of Ghana is responsible for the day-to-day operational management of the Petroleum Holding Fund and the Ghana Petroleum Funds in accordance with the terms of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

1.1 Funds

(a) Petroleum Holding Fund (Section 2 of Act 815 as amended by Act 893)

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

(b) Ghana Petroleum Funds (Section 11 of Act 815 as amended by Act 893)

The Ghana Petroleum Funds comprise the Ghana Stabilisation Fund and the Ghana Heritage Fund. The Ghana Stabilisation Fund (Section 9 of Act 815 as amended by Act 893) is a fund established to cushion the impact on or sustain public expenditure capacity during periods of unanticipated petroleum revenue shortfalls.

The Ghana Heritage Fund (Section 10 of Act 815 as amended by Act 893) is a fund established to provide an endowment to support development for future generations when petroleum reserves have been depleted and to receive excess petroleum revenue.

Prior to the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893), the Ghana Petroleum Funds were to receive from the Petroleum Holding Fund, petroleum revenue in excess of the Annual Budget Funding Amount (Section 11 of Act 815).

Per the amendment (Act 893) which was assented to by the President on 31 July 2015, the Ghana Petroleum Funds receive from the Petroleum Holding Fund:

- not less than 30% of the Benchmark revenue for the year where the actual petroleum revenue net of allocation to the Ghana National Petroleum Corporation (GNPC) is greater than or equal to the benchmark revenue.
- not less than 30% of the actual petroleum revenue net of allocation to GNPC where the actual petroleum revenue is less than the Benchmark revenue.
- any excess of the actual petroleum revenue over the Benchmark revenue for the year.

NOTES (continued)

1. Mandate (continued)

1.2 Transfers

Apart from transfers made from the Petroleum Holding Fund to the Ghana Petroleum Funds, transfers are also made to the Ghana National Petroleum Corporation and Consolidated Fund (Annual Budget Funding Amount).

The transfers made to the Ghana National Petroleum Corporation are for its equity financing and carried and participating interest.

The transfers made into the Consolidated Fund (Annual Budget Funding Amount) are in support of the national budget.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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

2.2 Income recognition

Income is recognised when cash is received.

2.3 Expenditure recognition

Expenses are recognised when payments are made.

2.4 Investments

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

2.5 Bank balances

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

PETROLEUM FUNDS
Financial statements
for the year ended 31 December 2016

NOTES (continued)
(All amounts are in US Dollars)

3. Total funds received

	<u>Year ended 31 December</u>		
	2016	2015	2014
Ghana Group Oil Lifting Proceeds (Note 3a)	207,787,586	374,292,457	691,991,103
Corporate tax payments (Note 3b)	29,546,823	20,410,832	284,546,191
Surface rental fees (Note 3c)	465,030	465,920	1,775,768
Royalties (Note 3d)	-	-	151,986
Other receipts (Note 3e)	9,375,955	998,514	330,473
Total funds received	<u>247,175,394</u>	<u>396,167,723</u>	<u>978,795,521</u>

(a) Ghana Group Oil Lifting Proceeds

16th Lifting	-	-	101,775,847
17th Lifting	-	-	103,223,300
18th Lifting	-	-	101,918,372
19th Lifting	-	-	103,522,460
20th Lifting	-	-	104,437,897
21st Lifting	-	-	97,589,268
22nd Lifting	-	-	79,523,959
23rd Lifting	-	56,096,476	-
24th Lifting	-	54,239,478	-
25th Lifting	-	49,937,126	-
26th Lifting	-	52,422,989	-
27th Lifting	-	61,395,996	-
28th Lifting	-	55,411,477	-
29th Lifting	-	44,788,915	-
30th Lifting	35,736,463	-	-
31st Lifting	30,490,829	-	-
32nd Lifting	48,173,318	-	-
33rd Lifting	46,486,771	-	-
34th Lifting	46,900,205	-	-
Total proceeds from oil lifting	<u>207,787,586</u>	<u>374,292,457</u>	<u>691,991,103</u>

NOTES (continued)

(All amounts are in US Dollars)

3. Total funds received (continued)

(b) Corporate tax payments

	Year ended 31 December		
	2016	2015	2014
Kosmos Energy	2,232,550	11,730,107	85,187,040
Tullow Oil Ghana Limited	27,314,273	-	114,988,270
Anadarko Petroleum	-	8,680,725	84,370,881
Total corporate tax payments	29,546,823	20,410,832	284,546,191

(c) Surface rental fees

Tullow Oil Ghana Limited	135,699	-	115,913
TapOil Ltd.	-	-	60,000
Kosmos Energy	17,797	17,797	57,292
Vanco	-	-	154,398
Hess Ghana Exploration Ltd.	219,310	150,750	287,805
ENI Ghana EP Ltd.	-	22,600	254,691
Saltpond Offshore Producing Company Ltd.	-	-	113,898
Lukoil Overseas Ghana Ltd.	-	-	154,399
Oranto	-	-	73,208
Cola Natural Resources Ghana Ltd.	-	-	78,230
Azonto Petroleum Limited	-	-	60,000
AGM Petroleum	-	-	174,000
AMNI Petroleum Dev. Co. Ltd.	13,974	13,974	13,974
Afren Energy GH	-	-	177,960
CAMAC Energy GH Ltd.	-	73,423	-
Medea Development International Ltd.	78,250	78,250	-
Other Companies	-	109,126	-
Total Surface rental fees	465,030	465,920	1,775,768

(d) Royalties

Lushann International Ghana Ltd.	-	-	151,986
Total royalties	-	-	151,986

PETROLEUM FUNDS
Financial statements
for the year ended 31 December 2016

NOTES (continued)

(All amounts are in US Dollars)

3. Total funds received (continued)

(e) Other receipts

	<u>Year ended 31 December</u>		
	2016	2015	2014
Interest earned on Petroleum Holding Fund	73,149	25,312	33,224
Price Differential - UNIPEC	-	419,387	297,249
Gas Receipts	<u>9,302,806</u>	<u>553,815</u>	-
Total Other Receipts	<u>9,375,955</u>	<u>998,514</u>	<u>330,473</u>

4. Transfers to GNPC Equity Finance

16th Lifting	-	-	9,463,193
17th Lifting	-	-	6,024,303
18th Lifting	-	-	4,632,855
19th Lifting	-	-	13,602,253
20th Lifting	-	-	2,662,075
21st Lifting	-	-	-
22nd Lifting	-	-	7,777,330
23rd Lifting	-	3,314,780	-
24th Lifting	-	14,298,917	-
25th Lifting	-	7,530,551	-
26th Lifting	-	3,842,828	-
27th Lifting	-	9,979,994	-
28th Lifting	-	-	-
29th Lifting	-	26,946,856	-
30th Lifting	9,153,737	-	-
31st Lifting	2,892,619	-	-
32nd Lifting	15,543,330	-	-
33rd Lifting	24,084,087	-	-
34th Lifting	<u>6,440,281</u>	-	-
Total Transfers	<u>58,114,054</u>	<u>65,913,926</u>	<u>44,162,009</u>

NOTES (continued)
(All amounts are in US Dollars)

5. Transfers to GNPC carried and participating interest

	<u>Year ended 31 December</u>		2014
	2016	2015	
Crude Oil			
16th Lifting	-	-	19,192,992
17th Lifting	-	-	20,538,020
18th Lifting	-	-	20,672,970
19th Lifting	-	-	18,329,396
20th Lifting	-	-	21,809,619
21st Lifting	-	-	21,125,681
22nd Lifting	-	-	14,881,785
23rd Lifting	-	11,149,053	-
24th Lifting	-	7,451,841	-
25th Lifting	-	8,550,997	-
26th Lifting	-	10,195,442	-
27th Lifting	-	10,296,727	-
28th Lifting	-	11,689,093	-
29th Lifting	-	1,611,644	-
30th Lifting	4,989,946	-	-
31st Lifting	5,732,730	-	-
32nd Lifting	5,765,342	-	-
33rd Lifting	2,838,019	-	-
34th Lifting	8,220,659	-	-
Gas			
32nd Lifting	<u>2,836,342</u>	-	-
Total Transfers	<u>30,383,038</u>	<u>60,944,797</u>	<u>136,550,463</u>

There were no gas liftings for the 30th, 31st, 33rd and 34th liftings.

NOTES (continued)

(All amounts are in US Dollars)

6. Transfers to Annual Budget Funding Amount (ABFA)

	<u>Year ended 31 December</u>		
	2016	2015	2014
16th Lifting	-	-	102,268,194
17th Lifting	-	-	-
18th Lifting	-	-	102,268,194
19th Lifting	-	-	-
20th Lifting	-	-	102,268,194
21st Lifting	-	-	76,467,893
22nd Lifting	-	-	25,800,301
23rd Lifting	-	42,506,515	-
24th Lifting	-	32,510,176	-
25th Lifting	-	33,857,116	-
26th Lifting	-	38,389,227	-
27th Lifting	-	41,462,130	-
28th Lifting	-	38,740,158	-
29th Lifting	-	11,830,049	-
30th Lifting	21,565,136	-	-
31st Lifting	23,500,483	-	-
32nd Lifting	17,023,898	-	-
33rd Lifting	13,712,121	-	-
34th Lifting	<u>22,573,778</u>	-	-
Total Transfers	<u>98,375,416</u>	<u>239,295,371</u>	<u>409,072,776</u>

NOTES (continued)
(All amounts are in US Dollars)

7. Transfers to Ghana Stabilisation Fund

		<u>Year ended 31 December</u>	
	2016	2015	2014
16th Lifting	-	-	53,236,697
17th Lifting	-	-	53,675,188
18th Lifting	-	-	14,305,076
19th Lifting	-	-	50,627,343
20th Lifting	-	-	63,590,270
22nd Lifting	-	-	36,328,181
28th Lifting	-	11,622,047	-
29th Lifting	-	3,549,015	-
30th Lifting	6,469,541	-	-
31st Lifting	7,050,145	-	-
32nd Lifting	5,107,169	-	-
33rd Lifting	4,113,636	-	-
34th Lifting	<u>6,772,134</u>	-	-
Total Transfers	<u>29,512,625</u>	<u>15,171,062</u>	<u>271,762,755</u>

There were no distributions from the Petroleum Holding Fund into the Ghana Stabilisation Fund (GSF) for the 21st and 23rd to 27th liftings in 2015. Prior to the amendment of the Petroleum Revenue Management Act, 2011 (Act 815) on 31 July 2015, only the excess revenue over the allocation to the Annual Budget Funding Amount was transferred to the Ghana Petroleum Funds per section 11(2) of the Act. At the point of these liftings, there were no excess revenues.

8. Transfers to Ghana Heritage Fund

		<u>Year ended 31 December</u>	
	2016	2015	2014
16th Lifting	-	-	22,815,727
17th Lifting	-	-	23,003,652
18th Lifting	-	-	6,130,747
19th Lifting	-	-	21,697,433
20th Lifting	-	-	27,252,973
22nd Lifting	-	-	15,569,221
28th Lifting	-	4,980,878	-
29th Lifting	-	1,521,006	-
30th Lifting	2,772,660	-	-
31st Lifting	3,021,491	-	-
32nd Lifting	2,188,787	-	-
33rd Lifting	1,762,987	-	-
34th Lifting	<u>2,902,343</u>	-	-
Total	<u>12,648,268</u>	<u>6,501,884</u>	<u>116,469,753</u>

NOTES (continued)

(All amounts are in US Dollars)

8. Transfers to Ghana Heritage Fund (continued)

There were no distributions from the Petroleum Holding Fund into the Ghana Heritage Fund for the 21st and 23rd to 27th liftings in 2015. Prior to the amendment of the Petroleum Revenue Management Act, 2011 (Act 815) on 31 July 2015, only the excess revenue over the allocation to the Annual Budget Funding Amount was transferred to the Ghana Petroleum Funds per section 11(2) of the Act. At the point of these liftings, there were no excess revenues.

9. Investment income

	<u>Year ended 31 December</u>		
	2016	2015	2014
Ghana Stabilisation Fund	845,150	538,215	1,549,380
Ghana Heritage Fund	<u>4,948,908</u>	<u>3,981,866</u>	<u>4,331,660</u>
Total	<u>5,794,058</u>	<u>4,520,081</u>	<u>5,881,040</u>

Investment income received during the year was derived from the following instruments:

	<u>Year ended 31 December</u>		
	2016	2015	2014
(a) Ghana Stabilisation Fund			
Bonds	319,786	345,259	1,449,824
Treasury Bills	-	1,487	57,549
Repurchase agreements/overnight income	<u>525,364</u>	<u>191,469</u>	<u>42,007</u>
Total	<u>845,150</u>	<u>538,215</u>	<u>1,549,380</u>
(b) Ghana Heritage Fund			
Bonds	4,725,231	3,904,033	4,302,403
Repurchase agreements/overnight income	<u>223,677</u>	<u>77,833</u>	<u>29,257</u>
Total	<u>4,948,908</u>	<u>3,981,866</u>	<u>4,331,660</u>

NOTES (continued)

(All amounts are in US Dollars)

10. Bank charges

	Year ended 31 December		
	2016	2015	2014
Ghana Stabilisation Fund Euroclear Bank Charges	5,238	6,397	17,556
Ghana Heritage Fund Euroclear Bank Charges	18,357	<u>15,497</u>	<u>12,135</u>
Total	<u>23,595</u>	<u>21,894</u>	<u>29,691</u>

11. Investment

	2016	2015	2014
Ghana Stabilisation Fund	36,437,358	38,956,604	89,031,276
Ghana Heritage Fund	<u>218,331,141</u>	<u>196,210,190</u>	<u>124,619,476</u>
Total Investment	<u>254,768,499</u>	<u>235,166,794</u>	<u>213,650,752</u>

An analysis of the type of instruments invested in and the investment banks used are provided below:

(a) Type of investment instrument:

	Bonds	US Treasury Bill	Total
Ghana Stabilisation Fund	36,437,358	-	36,437,358
Ghana Heritage Fund	<u>218,331,141</u>	-	<u>218,331,141</u>
Total	<u>254,768,499</u>	-	<u>254,768,499</u>

(b) Investment bank used:

	Euroclear	Federal Reserve	Total
Ghana Stabilisation Fund	31,436,440	5,000,918	36,437,358
Ghana Heritage Fund	<u>130,739,047</u>	<u>87,592,094</u>	<u>218,331,141</u>
Total	<u>162,175,487</u>	<u>92,593,012</u>	<u>254,768,499</u>

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for the year ended 31 December 2016

NOTES (continued)
 (All amounts are in US Dollars)

11. Investment (continued)

Type of Security	Duration	Cost of investment			Nominal value of Investment			Coupon range %	Accrued Interest 31 Dec. 2016		
		Heritage Fund	Stabilisation Fund	Total	Heritage Fund	Stabilisation Fund	Total		Heritage Fund	Stabilisation Fund	Total
Bonds	2 years	4,500,328	2,002,310	6,502,638	4,500,000	2,000,000	6,500,000	0.625 – 0.75	12,753	5,163	17,916
Bonds	3 years	8,998,877	31,437,584	40,436,461	9,000,000	31,500,000	40,500,000	0.625 - 1.25	35,685	141,113	176,798
Bonds	5 years	53,340,269	2,997,464	56,337,733	53,500,000	3,000,000	56,500,000	0.625 - 2.25	293,010	4,803	297,813
Bonds	7 years	54,217,999	-	54,217,999	54,500,000	-	54,500,000	1.5 – 4	412,001	-	412,001
Bonds	10 years	68,474,887	-	68,474,887	68,750,000	-	68,750,000	1.625 - 5.25	610,548	-	610,548
Bonds	12 years	2,000,000	-	2,000,000	2,000,000	-	2,000,000	4.3	18,633	-	18,633
Bonds	30 years	26,798,781	-	26,798,781	26,000,000	-	26,000,000	2.875 - 5	193,363	-	193,363
Total		218,331,141	36,437,358	254,768,499	218,250,000	36,500,000	254,750,000		1,575,993	151,079	1,727,072

PETROLEUM FUNDS
Financial statements
for the year ended 31 December 2016

NOTES (continued)

(All amounts are in US Dollars)

12. Bank balances

	Year ended 31 December		
	2016	2015	2014
Petroleum Holding Fund (Note 13)	27,556,550	9,414,557	1,073,874
Ghana Stabilisation Fund	171,311,305	138,439,523	197,612,768
Ghana Heritage Fund	<u>58,631,151</u>	<u>63,173,282</u>	<u>124,295,743</u>
Total Investment	<u>257,499,006</u>	<u>211,027,362</u>	<u>322,982,385</u>

The Petroleum Holding Fund is a designated public fund to receive and disburse petroleum revenues under the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2011 (Act 893). The balance in the Petroleum Holding Fund is yet to be disbursed in line with the requirements of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2011 (Act 893).

13. Fund Accounts

	2016	2015	2014
Petroleum Holding Fund	27,556,550	9,414,557	1,073,874
Ghana Stabilisation Fund	206,061,072	176,548,447	286,328,182
Ghana Heritage Fund	<u>262,570,157</u>	<u>249,921,889</u>	<u>243,420,005</u>
At 31 December	<u>496,187,779</u>	<u>435,884,893</u>	<u>530,822,061</u>

An analysis of petroleum receipts and disbursements is presented below:

	Petroleum Holding Fund	Ghana Stabilisation Fund	Ghana Heritage Fund
Year ended 31 December 2016			
Balance at 1 January 2016	9,414,557	176,548,447	249,921,889
Total receipts	<u>247,175,394</u>	<u>29,512,625</u>	<u>12,648,268</u>
	256,589,951	206,061,072	262,570,157
Total disbursements	<u>(229,033,401)</u>	-	-
Balance at 31 December 2016	<u>27,556,550</u>	<u>206,061,072</u>	<u>262,570,157</u>

NOTES (continued)

(All amounts are in US Dollars)

13. Fund Accounts (continued)

Year ended 31 December 2015

Balance at 1 January 2015	1,073,874	286,328,182	243,420,005
Total receipts	<u>396,167,723</u>	<u>15,171,062</u>	<u>6,501,884</u>
	397,241,597	301,499,244	249,921,889
Total disbursements	<u>(387,827,040)</u>	<u>(124,950,797)</u>	<u>-</u>
Balance at 31 December 2015	<u>9,414,557</u>	<u>176,548,447</u>	<u>249,921,889</u>

Year ended 31 December 2014

Balance at 1 January 2014	296,109	317,422,603	126,950,252
Total receipts	978,795,521	271,762,755	116,469,753
Transfer from income reserve	<u>-</u>	<u>2,827,512</u>	<u>-</u>
	979,091,630	592,012,870	243,420,005
Total disbursements	<u>(978,017,756)</u>	<u>(305,684,688)</u>	<u>-</u>
Balance at 31 December 2014	<u>1,073,874</u>	<u>286,328,182</u>	<u>243,420,005</u>

Fund Accounts represents the petroleum receipts and disbursements and excludes interest and charges incurred on the fund balances.

14. Withdrawals from the Ghana Stabilisation Fund

	<u>Year ended 31 December</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Transfers to Annual Budget Funding Amount	-	53,685,578	-
Transfers to Contingency fund	-	23,755,073	17,429,983
Transfers to Sinking Fund	<u>-</u>	<u>47,510,146</u>	<u>288,254,705</u>
Total withdrawals	<u>-</u>	<u>124,950,797</u>	<u>305,684,688</u>

Paragraph 196 of the 2016 National Budget indicates that the excess amount over the cap on the Ghana Stabilisation Fund (GSF) is treated as follows:

- 50 percent is sent into the Sinking Fund;
- 25 percent is sent into the Contingency Fund; and
- the remaining 25 percent is maintained in the GSF.

There were no withdrawals from the Ghana Stabilisation Fund in 2016.

NOTES (continued)

(All amounts are in US Dollars)

15. Petroleum Holding Fund Interest

	<u>Year ended 31 December</u>		
	2016	2015	2014
Interest distributed	60,807	23,591	28,070
Interest undistributed	<u>12,342</u>	<u>1,721</u>	<u>5,154</u>
Total interest	<u>73,149</u>	<u>25,312</u>	<u>33,224</u>