



GOIL
Good energy



2017

Annual & Financial REPORT

PROVIDING HIGH QUALITY FUEL FOR YOUR VESSELS

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Toll Free No:
0800-400-003
info@goil.com.gh
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Ghana Oil Company Limited



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Company Information

BOARD OF DIRECTORS:

Hon. Kwamena Bartels	Chairman
Mr. Patrick Akpe Kwame Akorli	Group CEO & MD
Mr. Thomas Kofi Manu	Member
Hon. Kwame Osei-Prempeh	Member
Mr. Beauclerc Ato Williams	Member
Mrs. Beatrix Agyeman Prempeh	Member
Mr. Robert Owusu Amankwah	Member
Mrs. Rhoderline Baafour-Gyimah	Member
Mr. Stephen Abu Tengan	Member

SECRETARY:

Nana Ama Kusi-Appouh

AUDITORS:

PKF
Chartered Accountants
Farrar Avenue
P.O. Box 1219 Accra

REGISTERED OFFICE:

D 659/4, Kojo Thompson Road,
P. O. Box GP3183 Accra.



BANKERS:

GCB Bank Limited
Standard Chartered Bank Ghana Limited
Barclays Bank of Ghana Limited
Ecobank Ghana Limited
Universal Merchant Bank Ghana Limited
Agricultural Development Bank
Prudential Bank Limited
Zenith Bank (Ghana) Limited
First Atlantic Bank Limited
National Investment Bank
Societe General Ghana Limited
Stanbic Bank Ghana Limited
United Bank for Africa (Ghana) Limited
GN Bank Limited
Access Bank Ghana Limited

Notice Of 49th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 49th Annual General Meeting of the Shareholders of Ghana Oil Company Limited will be held at the Auditorium, College of Physicians and Surgeons, Ridge, Accra on Wednesday, 25th April, 2018 at 11:00 am for the transaction of the following business:

AGENDA

ORDINARY BUSINESS

1. To receive and consider the reports of the Directors and the Auditors and the Financial Statements of the Company for the year ended December 31, 2017.
2. To declare a dividend for the year ended December 31, 2017
3. To elect Directors retiring by rotation
4. To authorise the Directors to fix the remuneration of the Auditors
5. To fix the remuneration of the Directors

Dated this 7th day of March, 2018.
BY ORDER OF THE BOARD



Nana Ama Kusi-Appouh
Company Secretary

A member of the Company entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. Completed proxy forms should be deposited at the Registered Office, D659/4, Kojo Thompson Road, P. O. Box, GP3183, Accra not less than 48 hours before the appointed time of the meeting. Failure to submit the forms before the 48th hours deadline will result in the Proxy not being admitted to or participating in the meeting. A Form of Proxy to be used is enclosed herewith.

Resolutions To Be Passed At The Annual General Meeting

The Board of Directors will be proposing the following resolutions, which will be put to the Annual General Meeting

1. To Receive the 2017 Accounts
The Board shall propose the acceptance of the 2017 Accounts as the true and fair view of the state of affairs of the Company for the year ended 31st December, 2017 and of its performance for the year then ended.
2. To Declare a Dividend
The Directors recommend the payment of a dividend of GHC0.028 per share amounting to GHC10,972,168.00 for the year ended 31st December 2017.
3. To Elect Directors Retiring by Rotation
In accordance with Section 298 (a, b & d) of the Companies Act 1963, Act 179 and Regulation 88 of the Company's Regulations the following Directors who are retiring by rotation but are eligible for re-election shall be re-elected as Directors:
 - Mr. Thomas K. Manu
 - Mr. Robert Owusu Amankwah
 - Mr. Stephen Abu Tengan
4. To Authorise the Directors to Fix the Remuneration of the Auditors
In accordance with Section 134 (6a) and Section 134 (11a) of the Companies Act 1963, Act 179, Messrs PKF will continue in office as Auditors of the Company. The Board will request from members their approval to fix the remuneration of the Auditors.
5. To Fix the Remuneration of the Directors
The Board will request from members their approval to fix the remuneration of the Directors.



Board Of Directors



Hon. Kwamena Bartels
Chairman



Hon. Kwame Osei-Prempeh
Member



Mr Robert Owusu Amankwah
Member



Mr Patrick Akpe Kwame Akorli
Group CEO & MD



Mrs Beatrix Agyeman Prempeh
Member



Mrs Rhoderline Baafour-Gyimah
Member



Mr Thomas Kofi Manu
Member



Mr Beauclerc Ato Williams
Member



Mr Stephen Abu Tengan
Member

Management Team



Mr. Gyamfi Amanquah
Chief Operating Officer, Goenergy



Mr. Patrick Akpe Kwame Akorli
Group CEO & Managing Director



Mr. Alex Josiah Adzew
Chief Operating Officer, GOIL



Mr. Cyril Opon
Head, Administration &
Human Resource



Mr. Erasmus Ofori Sarkwa
Head, Finance



Mr. Benjamin Torkornoo
Head, Operations



Mr. Anthony Twumasi
Head, Research, Planning &
Information Technology



Mr. Marcus Deo Dake
Head, Fuels Marketing



Ms. Nana Ama Kusi-Appouh
Solicitor Secretary



Mr. John Botchway Tagoe
Head, Technical &
Special Products



Mr. Martin Olu-Davies
Head, Health, Safety,
Security & Environment



Mr. Benjamin Ocansey
Head, Corporate Affairs



Mr. Kofi Ansah-Otoo
Chief Internal Auditor

Chairman's Speech

Dear Shareholders, it gives me much pleasure to observe on your faces the enthusiasm with which you have for our dear company GOIL. It is really exhilarating to know that we are able to man a homogeneous company that competes well with multinationals in the country.

I would like to begin by commending all the previous boards for their hard work, dedication and competent visionary direction which bequeathed to us a Company in full health and ready to compete with the best anywhere. I will particularly, like to commend the immediate past board for facilitating a smooth handover to the current board. GOIL has always thrived on a competent board which has been a significant contributory factor to the growth of the Company.

As most of us are aware, GOIL's share price, rose from GHC 1.1 as at 28th Dec 2016 to an average of GHC 1.8 in 2017. The share price continues to rise, and, as at the time of writing this speech it stood at GHC 4.10 per share. These indicators should spur shareholders on in making more investments in the Company. Now let's get down to what happened during the year 2017.

Economic and Business Environment

The latest estimate for global economic growth in 2017, according to the IMF, was 3.6% showing a rise by 0.4% compared to previous year (3.2%). Ghana's Real Gross Domestic Product (RGDP) growth was estimated at 7.9% (non-oil GDP growth: 4.8%). Inflation stood at 11.8% and it was expected to fall to a single digit in 2018. These indicators are pointers to hope of increased foreign direct investment.

It is a well-known fact that high consumption of fuel in an economy is an indicator of growth in GDP. However, this has not been the case in Ghana since 2013. Many analytical sources have attributed the mirage to smuggling of fuel products into the country especially diesel. I am happy to note that the government is making strenuous efforts to bring the culprits to book since this practice is a revenue loss to the government of Ghana.

Operating and Financial Performance

The year 2017 saw re-engineering of the marketing operations in order to beat the competition. Technologies were introduced to improve information flow from the retail stations to the Head office and vice versa. For example, information about fuels stocks are now automatically sent to the marketing executives from selected stations, for monitoring purposes and consequent re-ordering. Likewise, price changes are directly effected on the pumps for these stations. However, strong price competition coupled with smuggling of fuel products as mentioned above, were obstacles to achieving our growth targets.

As a consequence, the Company was unable to register any growth in the sale of fuel, especially in the retail sector, during the year 2017. Sale of aviation fuel and Bunkering (Marine Gas Oil) were, however, very impressive which compensated for the fall in the

volume of sales of diesel and gasoline. Despite the fall in growth of the volume of sale of the two major products, the Company remains the biggest company in the country in terms of market share. GOIL achieved a market share of about 20% in 2017, up from 18.2% in 2016, and from all indications, we are on course to achieving our target of 30% market share by the end of year 2020.

Lubricant sales performance was 92% of the set target and grew by 7% in 2017 compared to the year 2016. LP Gas sales exceeded its target by 3% and increased sales by 17% compared to the same period last year.

In spite of making lower than expected volume of sales, the Group financial results were impressive; GOIL as a group made a net profit of GHC 65.1 million, up by 21%. The Group also increased its earnings per share from GHC 0.137 in 2016 to 0.166.

GOIL paid a total sum of GHC 1.128 billion, which comprises taxes and levies to the government during the year 2017.

Capacity Building and Good Governance

The human resource capabilities as against the Company's requirements are under constant review to ensure availability of the requisite personnel to carry out the business.

Driven by the rapid growth that GOIL was experiencing, new employees were brought on board to strengthen the skillset of marketing, HSSE, and Operations departments.

Training to keep our employees abreast with industry developments and best practices is an on-going affair. We provide local training opportunities through local institutions, and, where necessary, international training. Further, an in-house staff development programme has been instituted, to continually refresh staff knowledge and teach new employees about the industry.

Staff welfare packages are in place, and designed to cushion staff, and improve motivation on the job. That notwithstanding, we continue to benchmark against other industry players to ensure best practices are adhered to.

Health, Safety Security & Environment

The Company continued working on its Health, Safety, Security & Environment programmes aimed at ensuring that our facilities are as safe as possible for all stakeholders including members of the public, our employees, contractors and delivery drivers.

We have improved technology by installing Early Warning Systems and other safety devices at our retail outlets to ensure maximum safety in our operations.

The Company launched its mobile Laboratory Van that is used to ensure the sale of quality fuels at all its service stations and consumer outlets.

Through continuous improvement of the company's standards, the Company successfully passed the ISO 9001:2015 recertification external audit

Corporate Social Responsibility

GOIL's commitment is anchored on our mission that goes beyond the provision of quality products and services. The Company's commitment include acknowledgement of the needs of the communities in which we operate. It stems from the belief that the quality of life of people must be improved, and that the society must benefit from the gains of GOIL.

Our Corporate Social Responsibility (CSR) programmes are therefore anchored on the provision of water and sanitation facilities to deprived communities, improvement of health delivery systems, supporting the delivery quality education and the development of sports.

Water and Sanitation

Several communities benefitted from potable water through the provision of small township water systems to over 50,000 residents in eight deprived communities in three regions. The communities are; Menang, Ataase Nkwanta and Sikaman all in the Adansi South district of the Ashanti region; Adabokrom in the Bia East District, Kaase in the Bia West and Achiase in the Bia West District of the Western region. Boreholes were also provided for students of Nifa Secondary School in the Akuapem North district and at Nobi (New Tafo) in the East Akim district all in the Eastern region.

Education

We also took a giant step to help improve quality of education by supporting the National Science and Maths Quiz with sponsorship. We believe the next crop of scientists and leaders must be unearthed and encouraged.

Together with the Chartered Institute of Marketing Ghana (CIMG), the Company set up an awards scheme to promote local innovation and entrepreneurial development in five Technical Universities in the country.

The initiative will identify, assist and develop skilled students to sharpen their entrepreneurial skills.

Health

To support health care delivery,

- Management of GOIL donated GHC50, 000 to the National Cardiothoracic Centre - Korle Bu Teaching Hospital.

- GOIL made a significant donation of GHC250, 000 to the Mother and Child Foundation - Komfo Anokye Teaching Hospital in Kumasi.
- And 1,000 beds were donated to Hospitals across the country.

Donations to Needy Institutions

Several other donations were made to orphanages, homes and socially-disadvantaged groups such as the Teshie Orphanage, Accra Rehabilitation Centre, Ho Leprosarium and Rehabilitation Home, Hope Vocational Institute near Pokuase, Society for the Physically Disabled and other needy institutions.

Way Forward

For the past years, industrialisation, which is part of the very reason for which GOIL exist, has been on the decline due to inadequate energy supply in the country. The Company welcomes therefore the governments drive to encourage industrialisation through the one district one factory policy. We also welcome governments resolve to limit her interference in the development of the downstream sector and also to deal with the smuggling of petroleum products.

In recent past, GOIL has been winning many awards including Overall Best Taxpayer (2017), 2016 Third Largest Company (Ghana Club 100), Best Brand of the Year 2016, CIMG Petroleum Company of the year 2016 and many others. While celebrating these successes it is also a signal that should spur us on to achieve greater heights.

The Company's policy of increasing the number of stations will continue and this includes takeover of distressed stations and entering into joint venture with individual stations. In collaboration with BOST and our subsidiary GOENERGY, GOIL will be able to satisfy its increasing demand for its expanding outlets.

The year 2017 witnessed a disaster in the trading of LP Gas in the country. This precipitated the need to change government regulations on sale of LP Gas in the country. I am happy to announce that GOIL has been selected as one of the OMCs to lead in the implementation of the change. GOIL will build Three (3) Gas-filling Plants in Tema, Kumasi and Tamale.

In the downstream sector, the Company intends to create a niche in the bitumen market by introducing innovative bitumen products that are characterised by durability. One additional objective of the bitumen project is to make the product as affordable as possible to contractors thereby reducing cost of government road projects.

GOIL has had challenges in terms of adequate supply of lubricants compared to demand. In this light the Company is making plans to build her own lubricant blending and filling plant to supplement supply.

With regards to adding value to the supply chain in the petroleum sector, the Company will strive to move upstream in order to maximize the wealth of the shareholder. Last but not the least, GOIL will be leveraging its 330 retail outlets throughout the country, to diversify into the digital finance business specifically, money transfer. This is in line with government's encouragement of digital financial inclusion, a concept which is meant to give the informal sector access to formal financial services.

Our business expansion projects have made it imperative to acquire a new head office since the current one will be inadequate to house additional employees that will manage the incoming businesses.

The future is very bright for GOIL and I encourage each and every one of you to continue to buy GOIL

Acknowledgements

Once again I can't express how grateful I am to have all of you present this morning. The Company also wish to say a big thank you to authorities namely ministries, departments and agencies that have been our 'guiding angels' in our operations. We owe them a lot for keeping us on our toes to ensure that we deliver quality products in an environmentally safe and friendly manner. Special thanks to Environmental Protection Agency, National Petroleum Authority and Petroleum Commission for the big role they have played in making GOIL a success.

We deeply appreciate the contributions from shareholders which normally come in the form of their experiences at our retail stations and also hold in high esteem the patriotism they exhibit just by being part of the family.

Finally on behalf of the Board, I would like to thank management for their invaluable contribution to making GOIL move on an upward trajectory in terms of growth. Here I cannot forget to thank the Board for the strong support they have exhibited in making sure that decisions made at the Board are implemented.

Corporate Events & Activities

Water Projects



Corporate Events & Activities

Donation to Accra Psychiatric Hosp.



Donation to
**Schoonhoven
Cured Lepers Village**



Management Donates To Korle-bu



Teshie
Orphanage and Accra
Rehabilitation
Centre



Donation to the Mother & Child Foundation

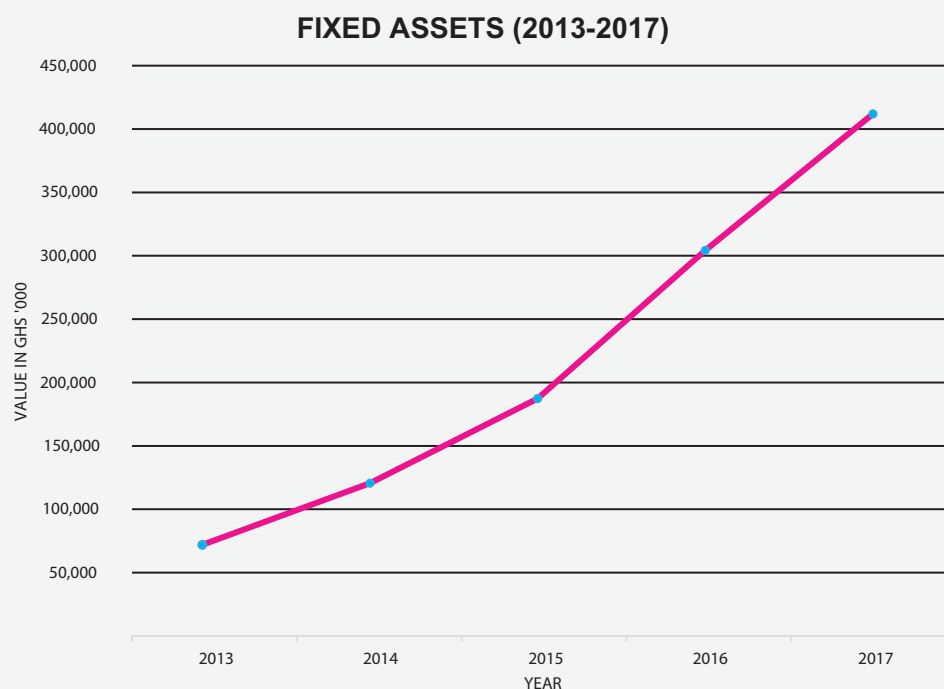
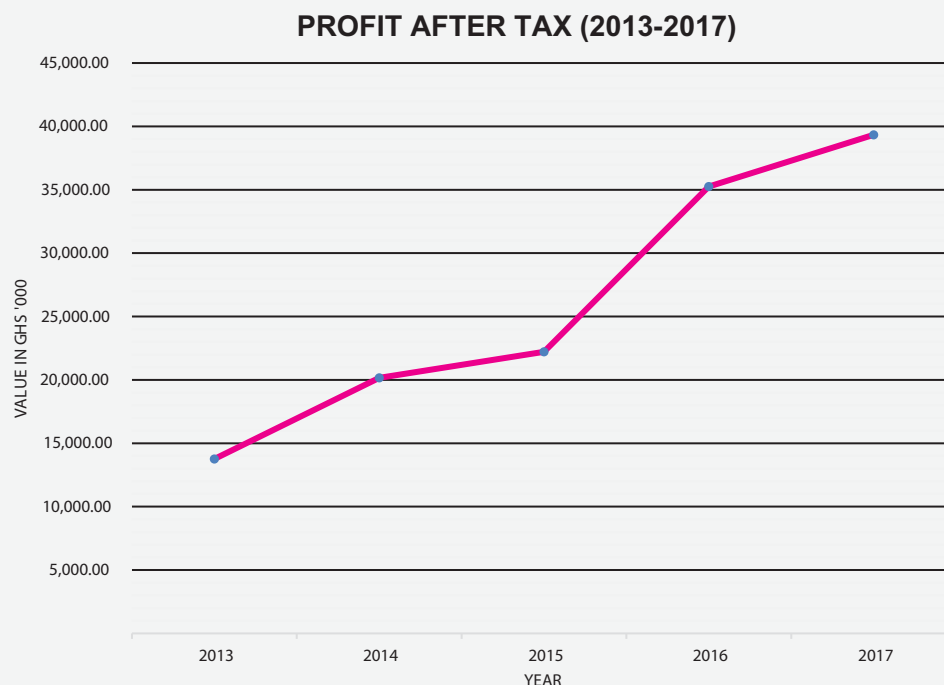


Donation of 1000 beds to hospitals

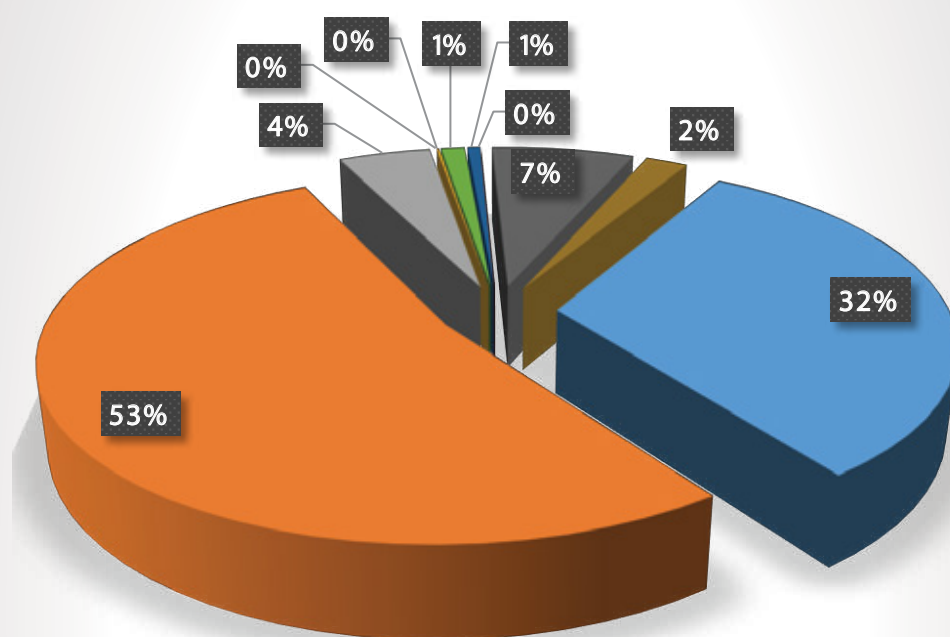


Mobile Van Laboratory

Performance at a Glance (2013 – 2017)



Taxes/Levies Paid – 2017



- SPECIAL PETROLEUM TAX
- CUSTOMS EXCISE AND PREVENTIVE SERVICES (CEPS)
- PRIMARY DISTRIBUTION MARGIN
- LPG DISTRIBUTION COMPENSATION MARGIN
- KEROSENE PROMOTION MARGIN
- FUEL MARKING MARGIN
- BRV TRACKING MARGIN
- PRICE STABILIZATION

REPORT OF THE DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

In accordance with the requirements of section 132 of the Companies Act 1963 (Act 179), we the Board of Directors of Ghana Oil Company Limited, present herewith the annual report on the state of affairs of the Company and its Subsidiary for the year ended December 31, 2017.

RESULTS OF OPERATIONS

	Group		Company	
	2017 GHC'000	2016 GHC'000	2017 GHC'000	2016 GHC'000
Gross sales	4,669,509	4,111,463	3,058,818	2,645,441
Customs duties and levies	(590,946)	(617,072)	(590,946)	(617,072)
Net sales	4,078,563	3,494,391	2,467,872	2,028,369
Profit for the year	84,523	75,070	49,511	49,998
from which is deducted; provision for estimated income tax of	(19,434)	(21,422)	(10,176)	(14,742)
leaving a net profit after tax of	65,089	53,648	39,335	35,256
to which is added the income surplus brought forward from the previous year of	108,621	63,692	74,654	47,198
Less:	173,710	117,340	113,989	82,454
final dividend paid; for 2016 at GHC0.025 per share (2015 at GHC0.020 per share)	(9,796)	(6,037)	(9,796)	(6,037)
transfer to building fund,	(3,254)	(2,682)	(1,967)	(1,763)
	160,659	108,621	102,226	74,654

NATURE OF BUSINESS

There was no change in the principal activity of the company as detailed in Section 2 of the Company's Regulations during the year.

OWNERSHIP

The Company was listed on the Ghana Stock Exchange in the year 2007. The Government of Ghana owns 34.23% of the shares while the other 65.77% are owned by individuals and other corporate bodies.

REPORT OF THE DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

DIRECTORS

The Directors of the Company who held office during the year are as follows:

Name		Date appointed	Date resigned
Hon. Kwamena Bartels	Chairman -	18.05.2017	—
Mr. Patrick Akpe Kwame Akorli	Group CEO & MD -	01.06.2012	—
Mr. Thomas Kofi Manu	Member -	25.07.2012	—
Hon. Kwame Osei-Prempeh	Member -	18.05.2017	—
Mr. Beauclerc Ato Williams	Member -	18.05.2017	—
Mrs. Beatrix Agyeman Prempeh	Member -	18.05.2017	—
Mr. Robert Owusu Amankwah	Member -	18.05.2017	—
Mrs Rhoderline Baafour-Gyimah	Member -	18.05.2017	—
Mr. Stephen Abu Tengan	Member -	18.05.2017	—
Prof. William A. Asomaning	Member -	16.07.2009	18.05.2017
Mr. Eugene Akoto-Bamfo	Member -	25.07.2013	18.05.2017
Mr. Chris A-Ackummey	Member -	25.07.2013	18.05.2017
Nana Esuman Kwesi Yankah	Member -	12.05.2016	18.05.2017
Ms. Faustina Nelson	Member -	12.05.2016	18.05.2017
Mr. Damian Yelbonkang Zaato	Member -	12.05.2016	18.05.2017
Alhaji Razak El Alawa	Member -	30.04.2015	18.05.2017

DIVIDEND

A final dividend of GHC0.028 per share amounting to GHC10,972,168.00 has been proposed for the year ended 31 December 2017. (2016: GHC0.025 per share, amounting to GHC9,796,578).

SUBSIDIARY

Goenergy Company Limited, a company incorporated in Ghana as Bulk Distribution Company. The Company is permitted by its regulations to carry on, the business of bulk importers, storage, suppliers and bulk distributors and buyers and sellers of petroleum products.

EVENTS AFTER THE REPORTING DATE

The Directors confirm that no matters have arisen since December 31, 2017, which materially affect the financial statements of the company for the year ended on that date.

Director



Hon. Kwamena Bartels
Chairman

Director



Mr. Patrick Akpe Kwame Akorli
Group CEO and MD

16/03/2018.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GHANA OIL COMPANY LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ghana Oil Company Limited which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December, 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 1963 (Act 179), Securities Industry Act 2016 (Act 929) and Ghana Stock Exchange Membership Regulations 1991 LI 1510 as amended.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group and have fulfilled our other ethical responsibilities in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

As at 31 December, 2017 gross trade receivables amounted to GHC393.0 million of which impairment provision of GHC4.9 million were recorded. We focused on the recoverability of trade debtors because management exercises significant judgement in determining the credit worthiness of its customers.

The basis of the provisions and critical judgments relating to the calculation of the impairment provisions are summarized in note 'xiiiv' in the notes to the financial statements. The judgement reflects information considered by management, including age of the outstanding debts and the debtors' payment history. The gross trade receivables and related impairment provisions are disclosed in note 11 to the financial statement.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors report and corporate governance but does not include the consolidated financial statements and auditor's report thereon. Our opinion on the consolidated 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 consolidated 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 consolidated 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.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179), Securities Industry Act 2016 (Act 929) and Ghana Stock Exchange Membership Regulations 1991 LI 1510 as amended and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of The Board of 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of 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.

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated 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, 1963 (Act 179) requires that in carrying out our audit we consider and report to you 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 purpose of our audit.
- ii. In our opinion, proper books of accounts have been kept by the Group, so far as appear from our examination of those books, and
- iii. The Group's consolidated statement of financial position and consolidated statement of comprehensive income are in agreement with the books of accounts.

The engagement partner on the audit resulting in this independent auditor's report is Frederick Bruce-Tagoe (ICAG/P/1087)



For and on behalf of
PKF: (ICAG/F/2018/039)
Chartered Accountants
Farrar Avenue
P. O. Box GP 1219,
Accra.

16/03/2018.


CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

		Group		Company	
	Notes	2017 GHC'000	2016 GHC'000	2017 GHC'000	2016 GHC'000
Gross Revenue		4,669,509	4,111,463	3,058,818	2,645,441
Customs Duties and Levies		(590,946)	(617,072)	(590,946)	(617,072)
Net Revenue		4,078,563	3,494,391	2,467,872	2,028,369
Cost of Sales		(3,875,756)	(3,316,562)	(2,311,965)	(1,882,756)
Gross Profit		202,807	177,829	155,907	145,613
Sundry Income	3	18,232	15,087	18,232	15,087
Depot and Station Expenses	2a	(44,626)	(40,850)	(43,556)	(40,091)
Staff, Selling & Administrative Expenses	2b	(96,003)	(84,028)	(85,507)	(77,679)
Operating profit before financing cost		80,410	68,038	45,076	42,930
Net Finance Income	4	4,113	7,032	4,435	7,068
Profit before Taxation		84,523	75,070	49,511	49,998
Income Tax Expense	5	(19,434)	(21,422)	(10,176)	(14,742)
Net profit after tax attributable to equity holders of the company		65,089	53,648	39,335	35,256
Other Comprehensive Income					
Available-for-Sale Financial Assets	20	1,613	(3,454)	1,613	(3,454)
Total Other Comprehensive Income		1,613	(3,454)	1,613	(3,454)
Total Comprehensive Income for the year		66,702	50,194	40,948	31,802
Earning per share (GHC)	28	0.166	0.137	0.100	0.090
Dividend per share (GHC)	21	0.028	0.025	0.028	0.025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

		Group		Company	
		2017	2016	2017	2016
	Notes	GHC'000	GHC'000	GHC'000	GHC'000
NON CURRENT ASSETS					
Property, Plant and Equipment	8a	426,368	305,206	409,436	302,478
Intangible Asset	12	2,669	4,204	2,669	4,204
Available for Sale Financial Instruments	9a	7,230	5,618	7,260	5,648
TOTAL NON CURRENT ASSETS		436,267	315,028	419,365	312,330
CURRENT ASSETS					
Stocks	10	112,981	47,940	42,153	29,594
Accounts Receivable	11	409,671	374,074	396,780	313,983
Held to Maturity Investments	9b	8,455	56,836	8,455	56,836
Current tax	7a	5,166	5,293	7,346	6,046
Cash and Bank Balances	13	63,970	69,251	26,430	39,554
TOTAL CURRENT ASSETS		600,243	553,394	481,164	446,013
TOTAL ASSETS		1,036,510	868,422	900,529	758,343
EQUITY					
Stated Capital	17	185,589	185,589	185,589	185,589
Building Fund	18	13,436	9,575	10,361	7,788
Income Surplus	19	160,659	108,621	102,226	74,654
Capital Surplus	20	7,383	5,770	7,383	5,770
TOTAL EQUITY		367,067	309,555	305,559	273,801
NON CURRENT LIABILITIES					
Deferred Tax	7b	12,216	10,107	12,158	9,982
Non Current Term Loan	16b	0	1,633	0	1,633
TOTAL NON CURRENT LIABILITIES		12,216	11,740	12,158	11,615
CURRENT LIABILITIES					
Bank Overdraft	14	52,567	41,383	52,567	41,383
Accounts Payable	15	602,900	494,651	528,485	420,451
Current Portion of Term Loan	16c	1,760	11,093	1,760	11,093
TOTAL CURRENT LIABILITIES		657,227	547,127	582,812	472,927
TOTAL LIABILITIES		669,443	558,867	594,970	484,542
TOTAL EQUITY AND LIABILITIES		1,036,510	868,422	900,529	758,343

Approved by the Board on 16/03/2018.


 Director
 Hon. Kwamena Bartels
 Chairman


 Director
 Mr. Patrick Akpe Kwame Akorli
 Group CEO and MD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

GROUP	Stated Capital	Building Fund	Income Surplus	Capital Surplus	Totals
2017	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000
Balance at 1 January 2017	185,589	9,575	108,621	5,770	309,555
Net profit for the year	0	0	65,089	0	65,089
Transfer to Building Fund	0	3,254	(3,254)	0	0
Interest Earned on Amount Invested	0	606	0	0	606
Revaluation Gain on Available for Sale Investments	0	0	0	1,613	1,613
Dividend paid	0	0	(9,796)	0	(9,796)
Balance at 31 December 2017	185,589	13,436	160,659	7,383	367,067
2016					
Balance at 1 January 2016	31,809	6,294	63,692	9,224	111,019
Additional Capital	153,780	0	0	0	153,780
Net profit for the year	0	0	53,648	0	53,648
Transfer to Building Fund	0	2,682	(2,682)	0	0
Interest Earned on Amount Invested	0	599	0	0	599
Revaluation Loss on Available for Sale Investments	0	0	0	(3,454)	(3,454)
Dividend paid	0	0	(6,037)	0	(6,037)
Balance at 31 December 2016	31,809	9,575	108,621	5,770	309,555
COMPANY					
2017					
Balance at 1 January 2017	185,589	7,788	74,654	5,770	273,801
Net profit for the year	0	0	39,335	0	39,335
Transfer to Building Fund	0	1,967	(1,967)	0	0
Interest Earned on Amount Invested	0	606	0	0	606
Revaluation Gain on Available for Sale Investments	0	0	0	1,613	1,613
Dividend paid	0	0	(9,796)	0	(9,796)
Balance at 31 December 2017	185,589	10,361	102,226	7,383	305,559
2016					
Balance at 1 January 2016	31,809	5,426	47,198	9,224	93,657
Additional Capital	153,780	0	0	0	153,780
Net profit for the year	0	0	35,256	0	35,256
Transfer to Building Fund	0	1,763	(1,763)	0	0
Interest Earned on Amount Invested	0	599	0	0	599
Revaluation Gain on Available for Sale Investments	0	0	0	(3,454)	(3,454)
Dividend paid	0	0	(6,037)	0	(6,037)
Balance at 31 December 2016	185,589	7,788	74,654	5,770	273,801

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017	2016	2017	2016
	GHC'000	GHC'000	GHC'000	GHC'000
Cash flow from operating activities				
Operating Profit	84,523	75,070	49,511	49,998
Adjustment for:				
Depreciation and Amortisation charges	28,878	21,130	27,674	20,051
Loss/(Profit) on sale of Property, Plant and Equipment	34	(25)	34	(25)
Interest and Dividend Received	(11,793)	(11,137)	(11,793)	(11,137)
Interest Paid	7,680	4,105	7,358	4,069
Operating Profit Before Working Capital Changes	109,322	89,143	72,784	62,956
Changes in Stocks	(65,041)	(12,449)	(12,559)	(5,010)
Changes in Debtors	(35,597)	(63,412)	(82,797)	(46,681)
Changes in Creditors	105,503	131,612	105,287	98,147
Cash generated from operations	114,187	144,894	82,715	109,412
Company Tax Paid	(17,198)	(27,877)	(9,300)	(16,035)
Net Cash Inflow from Operating activities	96,989	117,017	73,415	93,377
Cash flows from Investing activities				
Interest and Dividend Received	11,793	11,137	11,793	11,137
Interest paid	(7,680)	(4,105)	(7,358)	(4,069)
Acquisition of Property, Plant and Equipment	(148,730)	(137,558)	(133,321)	(135,448)
Receipt from disposal of Property, Plant and Equip.	189	48	189	48
Net Cash Outflows from Investing Activities	(144,428)	(130,478)	(128,697)	(128,332)
Net Cash Outflows Before Financing	(47,439)	(13,461)	(55,282)	(34,955)
Cash flows from Financing Activities				
Changes in Term Loan	(10,966)	(19,728)	(10,966)	(19,728)
New Capital Introduced	0	150,000	0	150,000
Dividend paid	(6,441)	(2,953)	(6,441)	(2,953)
Net Cash Inflows from Financing Activities	(17,407)	127,319	(17,407)	127,319
Net (Decrease)/Increase in Cash and Cash Equivalents	(64,846)	113,858	(72,689)	92,364
Cash and Cash Equivalents at 1 January	84,704	(29,154)	55,007	(37,357)
Cash and Cash Equivalents at 31 December	19,858	84,704	(17,682)	55,007
Cash and Cash Equivalents				
Cash at Bank and in Hand	63,970	69,251	26,430	39,554
Bank Overdraft	(52,567)	(41,383)	(52,567)	(41,383)
Held to Maturity Investments	8,455	56,836	8,455	56,836
	19,858	84,704	(17,682)	55,007

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Corporate Information

Ghana Oil Company Limited, a public company limited by shares, was incorporated and domicile in Ghana under the Companies Act, 1963 (Act 179). The Company is permitted by its regulations to carry on, the business of marketing quality petroleum and other energy products and services in all its branches in a healthy, safe, environmentally friendly and socially responsible manner. The address of the registered office of the Company is 'D 659/4, Kojo Thompson Road, P. O. Box GP 3183, Accra'.

b. Statement of Compliance

The financial statements have been prepared in accordance with all International Financial Reporting Standards, including International Accounting Standards and interpretations issued by the International Accounting Standards Board and its committees, as required by the Institute of Chartered Accountants (Ghana).

c. Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the following assets and liabilities that are stated at their fair values: financial instruments that are at fair value through profit or loss; financial instruments classified as available-for-sale; and property, plant and equipment.

d. Use of Estimates and Judgement

The preparation of financial statements in conformity with IFRSs requires Management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and the associated assumptions are based on historical experience and other factors that are reasonable under the circumstances, the results of which form the basis of making the judgement about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

e. Functional and presentation currency

The financial statements are presented in Ghana Cedis (GHC), which is the Company's functional and presentational currency.

f. Summary of Significant Accounting Policies

The significant accounting policies adopted by Ghana Oil Company Limited under the International Financial Reporting Standards (IFRSs) are set out below.

i. Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company activities. Revenue is shown net of value-added tax (VAT), rebates and discount.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specific of each arrangement,

Revenue is recognised as follows:

- Sales of goods are recognised in the period in which the Company has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer acceptance of the products. Delivery does not occur until the products have been accepted by the customer.
- Sales of services are recognised in the period in which the service are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a percentage of the total services to be provided.

- Interest income is recognised on a time proportion basis using the effective interest rate method.

ii. Financial Assets and Financial Liabilities

- **Categorisation of Financial Assets and Financial Liabilities**

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivable; and available-for-sale financial assets; and held-to-maturity investments. Financial liabilities are classified as either held at fair value through profit or loss, or amortised cost. Management determines the categorisation of its financial assets and financial liabilities at initial recognition.

- **Financial Assets and Financial Liabilities at Fair Value through Profit or Loss**

Financial asset or liability at fair value through profit or loss is a financial asset or financial liability that meets either of the following conditions:

- **Held for trading**

A financial asset or financial liability is classified as held for trading if it is: acquired or incurred principally for the purpose of selling or repurchasing in the near future; or part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

- **Designated at fair value through profit or loss**

Upon initial recognition as financial asset or financial liability, it is designated by the Company as at fair value through profit or loss except for investments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

- **Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

- **Available-for-sale Financial Assets**

Available-for-sale financial assets are non-derivative financial assets that are designated on initial recognition as available for sale and are held for an indefinite period of time and may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

- **Held-to-maturity Investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity.

- **Initial Recognition of Financial Assets and Financial Liabilities**

The Company shall recognise a financial asset or financial liability on its balance sheet when, and only when, the Company becomes a party to the contractual provisions of the instrument subject to the provisions in respect of regular way purchases or sales of a financial asset which state that, 'a regular way purchase or sale of financial assets is recognised and derecognized using either trade date or settlement date accounting'.

- **Derecognition of Financial Assets and Financial Liabilities**

Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or where the Company has transferred substantially all the risks and rewards of ownership. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset.

A financial liability (or part of a financial liability) is removed from the Company's balance sheet when, and only when, it is extinguished – i.e. when the obligation specified in the contract is: discharged; cancelled; or expired.

- **Initial Measurement of Financial Assets and Financial Liabilities**

When a financial asset or financial liability is recognised initially, the Company measures it at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

When the Company uses settlement date accounting for an asset that is subsequently measured at cost or amortised cost, the asset is recognised initially at its fair value on the trade date.

- **Subsequent Measurement of Financial Assets**

After initial recognition, the Company shall measure financial assets, including derivatives that are assets, at their fair value, without any deduction for transaction costs it may incur on sale or other disposal, except for the following

financial assets: loans and receivables, which shall be measured at amortised cost using the effective interest method; held-to-maturity investments, which shall be measured at amortised cost using the effective interest method; and investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, which shall be measured at cost.

- **Subsequent Measurement of Financial Liabilities**

After initial recognition, the Company shall measure all financial liabilities at amortised cost using the effective interest method, except for: financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be measured at fair value except for a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, which shall be measured at cost; and financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or is accounted for using the continuing involvement approach.

- **Gains and Losses**

The Company shall recognise a gain or loss arising from a change in the fair value of a financial asset or financial liability that is not part of a hedging relationship as follows: a gain or loss on a financial asset or financial liability classified as at fair value through profit or loss shall be recognised in profit or loss; a gain or loss on an available for sale financial asset shall be recognised directly in equity, through the statement of changes in equity except for impairment losses and foreign exchange gains and losses until the financial asset is derecognized, at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss.

Interest calculated using effective interest method is recognised in profit or loss; dividends on an available-for-sale equity instrument are recognised in profit or loss when the Company's right to receive payment is established;

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss when the financial asset or financial liability is derecognised or impaired, and through the amortization process.

- **Amortised Cost Measurement**

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayment, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

- **Fair Value Measurement**

The determination of fair values of quoted financial assets and financial liabilities in active markets are based on quoted market prices or dealer price quotations. If the market for a financial asset or a financial liability is not actively traded or unlisted security, the Company establishes fair value by using valuation techniques. These techniques include the use of arms' length transactions, discounted cash flow analysis, and valuation models and techniques commonly used by market participants.

The value produced by a model or other valuation technique may be adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors that market participants take into account when entering into a transaction. Management believe that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value in the balance sheet.

- **Offsetting**

Financial assets and financial liabilities are set off and the net amount presented in the balance sheet when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expense are presented on the net basis only when permitted by the accounting standards or interpretation, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

- **Measurement of Impairment and Provision for Credit Losses**

The Company shall assess at each balance sheet date, whether there is any objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a loss event) and that loss event(s) has an impact on the estimated future cash flows of the financial assets or

group of financial assets that can be reliably estimated. It may not be possible to identify a single, discrete event that caused the impairment. Rather, the combined effect of several events may have caused the impairment. Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

- o significant financial difficulty of the issuer or the obligor;
- o a breach of contract, such as a default or delinquency in interest or principal payment;
- o the lender (the Company), for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Company would not otherwise consider;
- o it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- o the disappearance of an active market for that financial asset because of financial difficulties; or

observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including:

- o adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments); or
- o national or local economic conditions that correlate with defaults in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, a decrease in oil prices for loan assets to oil companies, or adverse changes in the industry conditions that affect the borrowers in the group).

A provision for credit losses is established if there is objective evidence that the Company will be unable to collect all amounts due on a claim according to the original contractual term. A "claim" means a loan, a commitment such as a letter of credit, guarantee or commitment to extend credit or other credit product.

An allowance for credit loss is reported as a reduction in carrying value of a claim on the balance sheet, whereas for an off-balance sheet item such as a commitment, a provision for credit loss is reported in other liabilities. Additions to provisions for credit losses are made through credit loss expense.

Provision for credit losses is based on the following principles:

Counterparty-specific – A claim is considered as a loss when management determines that it is probable that the Company will not be able to collect all amounts due according to the original contractual terms.

Individual credit exposures are evaluated based on the borrower's character, overall financial condition, resources and payment record, prospects of support from financially responsible guarantor and cash collaterals.

An impaired asset refers to an asset where there is no longer reasonable assurance of timely collection of the full amount of principal and interest due to deterioration in the credit quality of the counterparty. An asset is impaired if the estimated recoverable amount of an asset is less than its carrying amount shown in the books of the Company. Impairment is measured and a provision for credit losses is established for the difference between the carrying amount and its estimated recoverable value.

Estimated recoverable amount is measured by discounting the expected future cash flows at the effective interest rate inherent in the asset. When the amount and timing of future cash flows cannot be estimated with reasonable reliability, estimated, recoverable amounts may be measured at either:

- o The fair value of any security underlying the assets, net of expected costs of recovery and any amount legally required to be paid to the borrowers; or
- o Observable market prices for the assets.

Upon impairment the accrual of interest income based on the original terms of the claim is discontinued until the asset has been written down to its estimated recoverable amount. Interest income thereafter is recognized.

A write-off is made when all or part of a claim is deemed uncollectible or forgiven. Write-offs are charged against previously established allowances for credit losses or directly to credit loss expense and reduce the principal amount of a claim.

iii. Property, Plant and Equipment

Fixed assets are stated at cost less accumulated depreciation and impairment losses. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of assets is the greater of their net selling price and value in use. The impairment losses are recognized in the statement of income.

Depreciation is computed for all items of Property, Plant and Equipment other than Capital Work-in-Progress, using the straight-line method, at the following annual rates:

Freehold Land and Buildings	2%
Leasehold Land and Buildings	2.5%
Plant, Machinery and Equipment	20%
Furniture and Equipment	10%
Motor Vehicles – Tanker and Trucks	20%
Motor Vehicles – Others	25%
Computers	50%

Repairs and maintenance are charged to the income statement when the expenditure is incurred. Improvements to Fixed Assets are capitalized.

Gains and losses on disposal of fixed assets are determined by reference to their carrying amount and are taken into account in determining net income.

iv. Translation of Foreign Currencies

The Company's functional currency is the Ghana Cedi. In preparing the balance sheet of the Company, transactions in currencies other than Ghana Cedis are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the statement of income. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the statement of income for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in Shareholders' equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in the Shareholders' equity.

v. Cash and Cash Equivalents

For the purposes of statement of cashflows and cash equivalents include cash, balances with Banks, financial institutions and short term government securities maturing in three months or less from the date of acquisition.

vi. Leases

Leases are tested to determine whether the lease is finance or operating lease and treated accordingly.

Finance leases - leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at inception of the lease at the lower of the fair value of the lease property, plant and equipment and the present value of minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The corresponding rental obligations, net of finance charges, are included on other long term borrowings. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Operating leases – leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Rentals payable under operating leases are charged to income statement on a straight- line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into operating lease are also spread on a straight-line basis over the lease term.

vii. Provision

Provisions for restructuring costs, legal claims and similar events are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is more likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

viii. Deferred Taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

ix. Current Taxation

The Company provides for income taxes at the current tax rates on the taxable profits of the Company.

Current tax is the expected tax payable on the taxable income for the year, using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years.

x. Dividends on Ordinary Shares

Dividends on ordinary shares are recognised on equity in the period in which they are approved by the Company's Shareholders.

Dividends for the year that are declared after the reporting date are dealt with in the subsequent events notes.

Interim dividends are recognised when paid.

xi. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the amount initially recognised (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as non-current liabilities where the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

xii. Borrowing Cost

Borrowing costs shall be recognised as an expense in the period in which they are incurred, except to the extent that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of the cost of that asset.

The capitalisation of borrowing costs as part of the cost of a qualifying asset shall commence when: expenditures for the asset are being incurred; borrowing costs are being incurred; and activities that are necessary to prepare the asset for its intended use or sale are in progress

Capitalisation of borrowing cost shall be suspended during extended periods in which active development is interrupted. Capitalisation of borrowing costs shall cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed.

xiii. Inventories

Inventory is stated at the lower of cost or net realisable value. Costs of inventories includes, the purchase price, and related cost of acquisition. The cost of inventory is determined using weighted average cost formula.

xiv. Impairment of Non-financial Assets

The carrying amount of the Company's non-financial assets, other than deferred tax assets, are reviewed at each

reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Impairment losses are recognised in the income statement.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

xv. Employee Benefits

- **Short-Term Benefits**

Short-term employee benefits are amounts payable to employees that fall due wholly within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term employee benefits are recognised as an expense in the period when the economic benefit is given, as an employment cost. Unpaid short-term employee benefits as at the end of the accounting period are recognised as an accrued expense and any short-term benefit paid in advance are recognised as prepayment to the extent that it will lead to a future cash refund or a reduction in future cash payment.

Wages and salaries payable to employees are recognised as an expense in the statement of profit or loss at gross amount. The Company's contribution to social security fund is also charged as an expense.

- **Social Security and National Insurance Trust (SSNIT)**

Under a National Deferred Benefit Pension Scheme, the Company contributes 13.5% of employees' basic salary to SSNIT for employee pensions. The Company's obligation is limited to the relevant contributions, which are settled on due dates. The pension liabilities and obligations, however, rest with SSNIT.

- **End of Service Benefit Scheme**

The Company has an End of Service Benefit Scheme for all permanent employees. The Company sets aside 10% Gross Basic Salaries into the fund. The Company's obligation under the plan is limited to the relevant contribution attributable to each individual staff member.

xvi. Events after the Financial Position date

The Company adjusts the amounts recognised in its financial statements to reflect events that provide evidence of conditions that existed at the balance sheet date.

Where there are material events that are indicative of conditions that arose after the balance sheet date, the Company discloses, by way of note, the nature of the event and the estimate of its financial effect, or a statement that such an estimate cannot be made.

xvii. Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary Shareholders of the Company by the weighted average number of ordinary shares outstanding during the relevant period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary Shareholders and the weighted average number of shares in issue for the effects of all dilutive potential ordinary shares.

xviii. New Standards and Interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2017, and have not been applied in preparing these financial statements. These are disclosed as follows:

IFRS 16 Leases

New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and

liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. Therefore, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows.

IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

IFRS 16 supersedes the following Standards and Interpretations:

- a) IAS 17 Leases;
- b) IFRIC 4 Determining whether an Arrangement contains a Lease;
- c) SIC-15 Operating Leases — Incentives; and d) SIC-27 Evaluating the Substance of Transactions Involving the Legal

Effective on or after 1 January 2019

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 Uncertainty over Income Tax Treatments adds to the requirements in IAS 12 Income Taxes by specifying how to reflect the effects of uncertainty in accounting for income taxes when it is unclear how tax law applies to a particular transaction or circumstance, or it is unclear whether a taxation authority will accept an entity's tax treatment. Effective date is 1 January 2019

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

By applying Prepayment Features with Negative Compensation (Amendments to IFRS 9), particular financial assets— with prepayment features that may result in reasonable negative compensation for the early termination of the contract—are eligible to be measured at amortised cost or at fair value through other comprehensive income, instead of at fair value through profit or loss. Effective date is 1 January 2019

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) clarifies that entities account for long term interests in an associate or joint venture—to which the equity method is not applied—using IFRS 9 before accounting for any losses or impairment losses applying IAS 28. Effective date is 1 January 2019

Annual Improvements to IFRS Standards 2015-2017 Cycle

Annual Improvements to IFRS Standards 2015-2017 Cycle contains amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs.

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it re-measures a previously held interest in that business.

The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, it does not re-measure a previously held interest in that business.

The amendments to IAS 12 clarify that an entity accounts for all income tax consequences of dividends in the same way, regardless of how the tax arises.

The amendments to IAS 23 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made to obtain that qualifying asset as part of general borrowings. Effective date is 1 January 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017	2016	2017	2016
	GHC'000	GHC'000	GHC'000	GHC'000
2a. DEPOT AND STATION EXPENSES;				
Includes depreciation; GHC21,686,248 (2016 - GHC15,596,559)				
b. SELLING AND ADMINISTRATION EXPENSES;				
Include the following:				
Depreciation and Amortisation	7,192	5,525	6,018	4,454
Directors' Fees & Expenses	1,520	1,131	1,417	1,051
Auditors' Remuneration	210	166	150	120
Donation and Corporate Social Responsibility	8,749	4,907	6,422	4,025
3. SUNDRY INCOME				
Exchange Gain	1,969	775	1,969	775
Contractors Registration	33	35	33	35
Miscellaneous Income	5,315	5,136	5,315	5,136
Various Rent	4,016	5,012	4,016	5,012
Discount Received	6,899	4,104	6,899	4,104
Profit on Sale of Property, Plant and Equipment	0	25	0	25
	18,232	15,087	18,232	15,087
4. NET FINANCE INCOME/EXPENSES				
Interest Income	11,793	11,137	11,793	11,137
Bank loan interest and Other Finance Charges	(7,680)	(4,105)	(7,358)	(4,069)
	4,113	7,032	4,435	7,068
5. TAXATION				
Current Tax	20,697	15,862	11,372	9,282
Over Provision of previous years Assessment.	(3,372)	0	(3,372)	0
	17,325	15,862	8,000	9,282
Deferred Tax Charge	2,109	5,560	2,176	5,460
	19,434	21,422	10,176	14,742

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 GHC'000	2016 GHC'000	2017 GHC'000	2016 GHC'000
6. RECONCILIATION OF EFFECTIVE TAX				
Profit before tax less rent income	80,507	70,058	45,495	44,986
Tax at applicable tax rate at 25% (2016 - 25%)	20,127	17,515	11,374	11,247
Tax effect of non-deductible expenses	8,994	7,599	8,229	7,083
Tax effect of non-chargeable income	0	(2,006)	0	(2,006)
Tax effect of capital allowances	(9,026)	(7,998)	(8,833)	(7,793)
Tax effect on rent income	602	751	602	751
Over provision of previous years assessments	(3,372)	0	(3,372)	0
Origination/(reversal) of temporary differences	2,109	5,561	2,176	5,460
	19,434	21,422	10,176	14,742
Effective tax rate (%)	22.99	28.54	20.55	29.48

7a. CURRENT TAX

GROUP	Balance at 1 January GHC'000	Over Provision GHC'000	Tax Paid/ Refund GHC'000	Charge to P&L GHC'000	Balance at 31 Dec. GHC'000
Up to 2016	5,293	3,372	244	0	8,909
2017	0	0	16,954	(20,697)	(3,743)
Total	5,293	3,372	17,198	(20,697)	5,166

COMPANY	Balance at 1 January GHC'000	Over Provision GHC'000	Tax Paid/ Refund GHC'000	Charge to P&L GHC'000	Balance at 31 Dec. GHC'000
Up to 2016	6,046	3,372	0	0	9,418
2017	0	0	9,300	(11,372)	(2,072)
Total	6,046	3,372	9,300	(11,372)	7,346

Tax position up to 2016 year of assessment have been agreed with the tax authorities. The remaining liabilities are however subject to agreement with the tax authorities. The amount provided for Income Tax is calculated at the rate of 25% of the Adjusted Profit and is subject to agreement with Ghana Revenue Authority.

	Group		Company	
	2017 GHC'000	2016 GHC'000	2017 GHC'000	2016 GHC'000
7b. DEFERRED TAXATION				
Balance at 1 January	10,107	4,547	9,982	4,522
Charge for the year	2,109	5,560	2,176	5,460
Balance at 31 December	12,216	10,107	12,158	9,982

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 25% (2016 - 25%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

8a. PROPERTY, PLANT AND EQUIPMENT

GROUP

	F'HOLD LAND & BUILDINGS GHC'000	L'SEHOLD LAND & BUILDINGS GHC'000	PLANT MACH. & EQUIP. GHC'000	MOTOR VEHICLES GHC'000	FURN. & EQUIP. GHC'000	COMPUTERS & ACCESS. GHC'000	CAPITAL WORK IN PROGRESS GHC'000	TOTAL GHC'000
Cost/Valuation								
Balance at 01.01.2017	1,195	141,070	109,119	18,380	6,271	2,562	104,645	383,242
Additions during the year	0	14,619	16,314	7,891	1,127	665	108,114	148,730
Transfers during the year	0	21,052	3,483	0	179	14	(24,728)	0
Disposals during the year	0	0	0	(982)	(7)	0	0	(989)
Balance at 31.12.2017	1,195	176,741	128,916	25,289	7,570	3,241	188,031	530,983
Depreciation								
Balance at 01.01.2017	117	13,199	51,284	9,583	2,091	1,763	0	78,037
Charges during the year	24	3,376	18,286	4,150	678	829	0	27,343
Disposal during the year	0	0	0	(764)	(1)	0	0	(765)
Balance at 31.12.2017	141	16,575	69,570	12,969	2,768	2,592	0	104,615
Net Book Value								
31 December 2017	1,054	160,166	59,346	12,320	4,802	649	188,031	426,368
31 December 2016	1,078	127,871	57,835	8,797	4,180	799	104,646	305,206

Fixed Assets were valued in 1985 and 1988. Landed properties, Furniture and equipment, Plant, machinery and equipment were again revalued in December 1999 and in December 2000 on Open Market basis by Owusu Adjapong and Company and Messrs Propicon.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

8b. PROPERTY, PLANT AND EQUIPMENT

COMPANY	F'HOLD LAND & BUILDINGS	L'SEHOLD LAND & BUILDINGS	PLANT MACH. & EQUIP.	MOTOR VEHICLES	FURN. & EQUIP.	COMPUTERS & ACCESS.	CAPITAL WORK IN PROGRESS	TOTAL
Cost/Valuation	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000
Balance at 01.01.2017	1,195	141,070	109,083	15,350	5,333	2,190	104,645	378,866
Additions during the year	0	0	16,200	7,569	860	578	108,114	133,321
Transfers during the year	0	21,052	3,483	0	179	14	(24,728)	0
Disposals during the year	0	0	0	(982)	(7)	0	0	(989)
Balance at 31.12.2017	1,195	162,122	128,766	21,937	6,365	2,782	188,031	511,198
Depreciation								
Balance at 01.01.2017	117	13,199	51,276	8,358	1,929	1,509	0	76,388
Charges during the year	24	3,376	18,256	3,312	504	667	0	26,139
Disposal during the year	0	0	0	(764)	(1)	0	0	(765)
Balance at 31.12.2017	141	16,575	69,532	10,906	2,432	2,176	0	101,762
Net Book Values								
31 December 2017	1,054	145,547	59,234	11,031	3,933	606	188,031	409,436
31 December 2016	1,078	127,871	57,807	6,992	3,404	681	104,645	302,478

Fixed Assets were valued in 1985 and 1988. Landed properties, Furniture and equipment, Plant, machinery and equipment were again revalued in December 1999 and in December 2000 on Open Market basis by Owusu Adjapong and Company and Messrs Propicon.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017	2016	2017	2016
	GHC'000	GHC'000	GHC'000	GHC'000
9a. AVAILABLE FOR SALE FINANCIAL INSTRUMENTS				
Ghana Bunkering Services Ltd.	222	222	222	222
Investment in Subsidiary	0	0	30	30
Total (Ghana) Ltd.	3,673	2,061	3,673	2,061
Tema Lube Oil Company Ltd.	11	11	11	11
Metro Mass Transit Company Ltd.	414	414	414	414
JUHI	2,910	2,910	2,910	2,910
	7,230	5,618	7,260	5,648
Available for sale financial instruments of the above companies are made up of equity shares.				
9b. HELD TO MATURITY INVESTMENT				
Fixed Deposit	8,455	56,836	8,455	56,836
10. STOCKS & GOODS IN TRANSIT				
Trading : Fuel	75,100	19,960	5,031	1,715
Lubricants	10,549	9,097	10,549	9,097
L.P. Gas	137	173	137	173
	85,786	29,230	15,717	10,985
Non Trading: Materials	27,195	18,710	26,436	18,609
	112,981	47,940	42,153	29,594
11. ACCOUNTS RECEIVABLE				
Trade Receivable	392,998	363,025	380,107	304,183
Other Receivable	14,286	11,247	14,286	9,998
Staff Receivable	123	213	123	213
Prepayments	7,160	3,886	7,160	3,886
	414,567	378,371	401,676	318,280
Less: Provision for Bad & Doubtful Debts	(4,896)	(4,297)	(4,896)	(4,297)
	409,671	374,074	396,780	313,983

The maximum amount owed by the staff in thousands of Ghana Cedis did not at one particular time exceed :
2017 GHC123 (2016: GHC213)

Prepayments - This represents the unexpired portion of certain expenditure spread on a time basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017	2016	2017	2016
	GHC'000	GHC'000	GHC'000	GHC'000
12. INTANGIBLE ASSETS				
Balance at 1 January	8,742	6,697	8,742	6,697
Additions during the year	0	2,045	0	2,045
Balance at 31 December	8,742	8,742	8,742	8,742
Amortisation				
Balance at 1 January	4,538	3,027	4,538	3,027
Amortisation for the year	1,535	1,511	1,535	1,511
Balance at 31 December	6,073	4,538	6,073	4,538
Carrying amount				
At 31 December	2,669	4,204	2,669	4,204

This relates to the cost of rebranding and computer software.

13. CASH AND BANK BALANCES

Current Account	63,940	68,905	26,400	39,208
Cash in Hand	30	346	30	346
	63,970	69,251	26,430	39,554

14. BANK OVERDRAFT

GCB Bank Limited	15,231	17,169	15,231	17,169
Universal Merchant Bank Limited	0	6,706	0	6,706
Prudential Bank Limited	852	8,082	852	8,082
First Atlantic Bank Limited	0	3,555	0	3,555
Ecobank Ghana Limited	20,116	3,586	20,116	3,586
Stanbic Bank Ghana Limited	2,612	2,062	2,612	2,062
Societe Generale Ghana Limited	13,472	0	13,472	0
Agricultural Development Bank Limited	0	199	0	199
National Investment Bank Limited	205	24	205	24
Barclays Bank Ghana Limited	79	0	79	0
	52,567	41,383	52,567	41,383

GCB Bank Limited

The company has an overdraft facility of GHC40,000,000 with GCB Bank Limited at an interest rate of 23.0% and the facility expires on 30 April, 2018.

Universal Merchant Bank Limited

The company has an overdraft facility of GHC15,000,000 with Universal Merchant Bank Limited at an interest rate of 25.0% and the facility expires on 31 March, 2018.

Prudential Bank Limited

The company has an overdraft facility of GHC6,000,000 with Prudential Bank Ghana Limited at an interest rate of 25.50% and the facility expires on 31 December, 2018.

Societe Generale Ghana Limited

The company has an overdraft facility of GHC27,000,000 with Societe Generale Ghana Limited at an interest rate of 20.5% and the facility expires on 31 May, 2018.

Ecobank Ghana Limited

The company has an overdraft facility of GHC30,000,000 with Ecobank Ghana Limited at an interest rate of 22.0% and the facility expires on 31 December, 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017	2016	2017	2016
	GHC'000	GHC'000	GHC'000	GHC'000
15. ACCOUNTS PAYABLE				
Trade Payable	393,209	418,473	338,863	353,633
Other Payable	209,452	74,344	189,443	66,592
Accruals	239	1,834	179	226
	602,900	494,651	528,485	420,451
16a. TERM LOAN				
Balance as at 1 January	12,726	32,454	12,726	32,454
Addition during the year	0	631	0	631
Transfer to stated capital	0	(3,780)	0	(3,780)
Loan repayment	(10,966)	(16,579)	(10,966)	(16,579)
	1,760	12,726	1,760	12,726
16b. LONG TERM PORTION				
Medium Term Loan	0	1,633	0	1,633
	0	1,633	0	1,633
16c. SHORT TERM PORTION				
Medium Term Loan	1,760	11,093	1,760	11,093
	1,760	11,093	1,760	11,093

First Atlantic Bank

The bank granted a medium term loan facility of GHC15,000,000 to the company. The facility is due to expire on August, 2018 and interest rate was 26.47% per annum (subject to review in line with market conditions). The facility is to refinance the company's capital expenditure.

Stanbic Bank Ghana Limited

The Company was granted a Medium Term Loan of USD5,161,280 by Stanbic Bank Ghana Limited, for general corporate purposes including capital expenditure for new Service Stations and Rebranding exercise. The loan was to be repaid in full over a period of five (5) years. The company completed the payment of the facility during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

17. STATED CAPITAL

	2017	2016
Number of authorised shares	1,000,000,000	1,000,000,000
Total number of issued shares	391,863,128	391,863,128
	GHC'000	GHC'000
Issued for Cash	155,000	155,000
Issued for consideration other than cash	10,339	10,339
Transfer from Income Surplus	20,250	20,250
	185,589	185,589

There is no unpaid liability on any share and there are no shares in treasury.

18. BUILDING FUND

This is an amount set aside from profits for the construction of Head Office Building.

Balance at 1 January	9,575	6,294
Transfer from Income Surplus	3,254	2,682
Interest earned on amount invested	606	599
Balance at 31 December	13,435	9,575

19. INCOME SURPLUS

This represents the residual of cumulative annual profits that are available for distribution to shareholders.

20. CAPITAL SURPLUS

This is surplus arising from the revaluation of property, plant and equipment in 1985, 1988 and 2000 by Owusu-Adjapong and Company and Messrs Propicon. It also includes movements in the market price of available for sale financial assets of 1,040,528 shares held in Total Petroleum Ghana Limited as a result of the adoption of International Financial Reporting Standards.

	Available-for-sale Financial Asset	Revaluation surplus	2017	2016
	GHC'000	GHC'000	GHC'000	GHC'000
Balance at 1 January 2017	1,864	3,906	5,770	9,224
Revaluation	1,613	0	1,613	(3,454)
Balance at 31 December 2017	3,477	3,906	7,383	5,770

21. DIVIDEND

Final Dividend paid was GHC0.025 per Share (2015; GHC0.025 per share)	9,796	6,037
Payments during the year	(9,796)	(6,037)
	0	0

A final dividend of **GHC0.028** per share amounting to **GHC10,972,168.00** has been proposed for the year ended 31 December 2017. (2016: GHC0.025 per share, amounting to GHC9,796,578).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

22. **FINANCIAL RISK MANAGEMENT (GROUP)**

The company has exposure to the following risks from its use of financial instruments;

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board has established the Audit and Finance committee, which are responsible for developing and monitoring the company's risk management policies in their specified areas. The team includes selected members of executive management and report regularly to the Board of Directors on their activities.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The company's Audit and Finance Committee is responsible for monitoring compliance with the company's risk management policies and procedures, and for reviewing the adequacy of risk management framework in relation to the risks faced by the company. This committee is assisted in these functions by a risk management structure in all the units of the company which ensures a consistent assessment of risk management control and procedures.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obliga-

tions, and arises principally from the company's receivables from customers.

Trade and other receivables

The company's exposure to credit risk is a little bit higher as sales are made to various customers. These are individuals owning service stations, the company's owned service stations run by the company's marketing officers and institutions across the country. The risk is managed by the company by reducing both the amount and period of credit extended. This is done by the credit risk department whose job is to assess the financial health of their customers, and extend credit (or not) accordingly.

Allowances for impairment

The company establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of risk and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for homogeneous assets in respect of losses that have been incurred but not yet been identified. The collective loss allowance is determined based on historical data of payment for similar financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Exposure to credit risks (Group)

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was;

	Group		Company	
	2017	2016	2017	2016
	GHC'000	GHC'000	GHC'000	GHC'000
Available for sale Financial Assets	7,230	5,618	7,260	5,648
Loans and Receivables	409,671	374,074	396,780	313,983
Cash and Cash Equivalents	63,970	69,251	26,430	39,554
	480,871	448,943	430,470	359,185

The maximum exposure to credit risk for trade receivables at the reporting by type of date customer was;

Public Institutions	392,998	363,025	380,107	304,183
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Impairment Losses (Group)

	2017		2016	
	Gross Impairment		Gross Impairment	
	GHC'000	GHC'000	GHC'000	GHC'000
Past due after 0 - 180 days	392,998	0	363,025	0

The movement in the allowance in respect of trade receivables during the year was as follows

	2017	2016
	GHC'000	GHC'000
Trade Receivables	392,998	363,025
Impairment loss recognised	(4,896)	(4,297)
Balance at 31 December	388,102	358,728

Based on historical default rates, the company believes that no impairment is necessary in respect of trade receivables past due up to 180 days.

Liquidity risk

Liquidity risk is the risk that the company either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost. The company's approach to managing liquidity is to ensure that it will maintain adequate liquidity to meet its liabilities when due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The following are contractual maturities of financial liabilities (Group);

31 December 2017

Non-derivative financial liability	Amount GHC'000	6 mths or less GHC'000	6-12 mths GHC'000	1-3 years GHC'000
Secured bank loans	1,760	880	880	0
Trade and other payables	602,900	602,900	0	0
Bank overdraft	52,567	52,567	0	0
Balance at 31 December 2017	657,227	656,347	880	0

31 December 2016

Non-derivative financial liability	Amount GHC'000	6 mths or less GHC'000	6-12 mths GHC'000	1-3 years GHC'000
Secured bank loans	12,726	5,547	5,547	1,633
Trade and other payables	494,651	494,651	0	0
Bank overdraft	41,383	41,383	0	0
Balance at 31 December 2016	548,760	541,581	5,547	1,633

Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The company is exposed to currency risk as there are transactions and balances denominated in currencies other than the functional currency.

Interest rate risk

Profile

At the reporting date the interest rate profile of the company's interest-bearing financial instruments was;

	Carrying amount	
	2017	2016
Variable rate instrument	GHC'000	GHC'000
Financial liabilities	54,327	54,109

Fair value sensitivity analysis for fixed rate instrument

The company did not have fixed rate instrument at 31 December 2017 and also at 31 December 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

23. FAIR VALUES (GROUP)

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with carrying amounts shown in the balance sheet are as follows;

	31 December 2017		31 December 2016	
	Carrying Amount GHC'000	Fair Value GHC'000	Carrying Amount GHC'000	Fair Value GHC'000
<i>Loans and Receivables</i>				
Trade and Other Receivables	409,671	409,671	374,074	374,074
Cash and Cash Equivalents	63,970	63,970	69,251	69,251
Held to Maturity Investments	8,455	8,455	56,836	56,836
	482,096	482,096	500,161	500,161
<i>Available for Sale Financial Instrument</i>				
Long Term Investment	7,230	7,230	5,618	5,618
<i>Other Financial Liabilities</i>				
Secured Bank Loan	1,760	1,760	12,726	12,726
Trade and Other Payables	602,900	602,900	494,651	494,651
Bank Overdraft	52,567	52,567	41,383	41,383
	657,227	657,227	548,760	548,760

24. CAPITAL COMMITMENTS

There were no commitments for capital expenditure at the balance sheet date as at 31 December 2017 and also as at 31 December 2016.

25. EMPLOYEE BENEFITS

Deferred Contribution Plans

Social Security

Under a National Deferred Benefit Pension Scheme, the company contributes 13% of employee basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pension. The company's obligation is limited to the relevant contribution, which were settled on due dates. The pension liabilities and obligations however, rest with SSNIT.

Provident Fund




The company has a provident fund scheme for the staff under which the company contributes a total of 10% of staff basic salary. The obligation under the plan is limited to the relevant contribution and these are settled on the dates to the fund manager.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	GHC'000	GHC'000
26. RELATED PARTY TRANSACTIONS		
Payable	205,979	193,692

The amount represent balance outstanding from petroleum products purchased from Goenergy Company Limited which is wholly owned by Ghana Oil Company Limited during the year. The amounts owed to the subsidiary is unsecured, interest free, and have no fixed term of repayment. The balance will be settled in cash. No guarantees have been given or received.

Remuneration of Executive Director and other key management personnel

Salaries and other short term benefits	3,381	2,254
Employer social security charges on emoluments	340	230
Provident Fund	338	204
	4,059	2,688

27. NUMBER OF ORDINARY SHARES IN ISSUE

Earning, Dividend per share are based on 391,863,128, (2016; 391,863,128).

28. BASIC EARNINGS PER SHARE (GROUP)

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

Profit attributable to equity holders	65,089	53,648
Weighted average number of ordinary shares ('000)	391,863	391,863
Basic earnings per share (Ghana cedis per share)	0.166	0.137

29. CONTINGENT LIABILITIES

Claims that could arise from pending suits against the company at the year-end amounted to GHC5,114,809.53 and USD2,000,000.00 (2016; GHC9,400,400).

Claims that could arise from pending suits in favour of the company at the year-end amounted to USD571,345.00 (2016; GHC2,399,763).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

30. TWENTY LARGEST SHAREHOLDERS

Shareholders	Number of Shares	Percentage Holding (%)
1. GOVERNMENT OF GHANA	134,123,596	34.23
2. SOCIAL SECURITY & NATIONAL INSURANCE TRUST	97,965,782	25.00
3. BULK OIL STORAGE AND TRANSPORT	78,475,596	20.03
4. STARMOUNT DEVELOPMENT COMPANY LIMITED	22,740,720	5.80
5. HOPEFIELD CAPITAL LIMITED	3,707,638	0.95
6. SCBN/ELAC POLICY HOLDERS FUND	2,593,912	0.66
7. STD NOM/METLIFE CLASSIC FUND	935,732	0.24
8. SCBN/DATABANK BALANCE FUND LTD.	705,086	0.18
9. MR. VICTOR KODJO DJANGMAH	694,111	0.18
10. SCGN/ENTERPRISE PIER 2 OCCUPATIONAL	637,326	0.16
11. HFCN/EDC GHANA BALANCED FUND LIMITED	609,460	0.16
12. MR. P. A. K. AKORLI	522,218	0.13
13. SCGN/GH. MED. ASSOC. PENSION FUND	475,362	0.12
14. SIC GENERAL BUSINESS	472,215	0.12
15. SCGN/ENTERPRISE LIFE ASSOCIATION COMPANY	421,485	0.11
16. MR. E. OFORI-SARKWA	419,257	0.11
17. MR. A. J. ADZEW	417,360	0.11
18. MR. G. AMANQUAH	415,433	0.11
19. DONEWELL LIFE COMPANY LIMITED	384,187	0.10
20. MIHL/GOLD FUNT TRUST	311,300	0.08
TOTALS OF TWENTY LARGEST SHAREHOLDERS	347,027,776	88.56
TOTALS OF OTHERS	44,835,352	11.44
GRAND TOTALS	391,863,128	100.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

31. SHAREHOLDING DISTRIBUTION

CATEGORY	NUMBERS OF SHAREHOLDING	TOTAL HOLDING	PERCENTAGE HOLDING (%)
1-1,000	8,504	4,024,816	1.03
1,001-5,000	5,135	10,201,930	2.60
5,001-10,000	908	6,072,212	1.55
10,001-50,000	635	12,884,738	3.29
50,001-999,999,999	132	358,679,432	91.53
		391,863,128	100.00

32. DIRECTORS SHAREHOLDING

NAME	NUMBER OF SHARES	% OF ISSUED SHARES
Hon. Kwame Osei-Prempeh	12,000	0.0031
Mr Stephen Abu Tengan	1,410	0.0004
Mr. Thomas Kofi Manu	33,078	0.0084
Mr. Patrick Akpe Kwame Akorli	522,218	0.1333
	568,706	0.1451

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PROXY FORM

I/We _____

of _____ being a member/members of Ghana Oil

Company Limited hereby appoint _____ or in his/her absence, the Chairman as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at the College of Physicians and Surgeons, Ridge, Accra, on 25th April, 2018 at 11:00 a.m. and at any adjournment thereof.

1	In favour of * against	The Resolution to Receive the 2017 Accounts
2	In favour of * against	The Resolution to Declare a Dividend
3	In favour of * against	The Resolution To Elect Directors Retiring by Rotation
4	In favour of * against	The Resolution to authorize the Directors to fix the remuneration of the Auditors
5	In favour of * against	The Resolution to fix the remuneration of the Directors

On any other business transacted at the meeting and unless otherwise instructed in Paragraphs 1 to 5 above, the resolutions to which reference is made in those paragraphs, the proxy will vote as he/she thinks fit.

* Strike out whichever is not desired.

Signature of Shareholder Signed this _____ day of _____ 2018.



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THIS PROXY FORM SHOULD NOT BE COMPLETED AND SENT TO THE REGISTERED OFFICE IF THE MEMBER WILL BE ATTENDING THE MEETING

1. A member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The Proxy Form has been prepared to enable you exercise your vote if you cannot personally attend.
2. Provision has been made on the Form for HON. KWAMENA BARTELS, the Chairman of the meeting to act as your proxy, but if you so wish, you may insert in the blank space the name of any person whether a member of the company or not who will attend the meeting and vote on your behalf instead of HON. KWAMENA BARTELS
3. In case of joint holders, each joint holder must sign.
4. If executed by a Corporation, the Proxy Form must bear its Common Seal or be signed on its behalf by a Director.
5. Please sign the above Proxy Form and post it so as to reach the address shown below not later than 4:00p.m. on Monday, 23rd April, 2018.
6. The Proxy must produce the Admission Card with the Notice of the Meeting to obtain entrance to the meeting.

**The Solicitor Secretary,
Ghana Oil Company Limited,
P.O. Box GP 3183,
Accra.**

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