Ghana Oil Company Limited

2018 ANNUAL REPORT

PKF

Accountants & business advisers

Ghana Oil Company Limited

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

GOIL

Good energy

GHANA OIL COMPANY LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

CONTENTS

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

Notice Of 50th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 50th 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 Thursday, 23rd May, 2019 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, 2018.
2. To declare a dividend for the year ended December 31, 2018
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

SPECIAL BUSINESS

1. To change the company's name from Ghana Oil Company Limited to GOIL Company Limited.
2. To alter its Regulations to reflect the name change from Ghana Oil Company Limited to GOIL Company Limited.
3. To be the local content partner of Exxon Mobil Exploration and Production Ghana (Deepwater) Limited through its wholly owned subsidiary, GOIL OFFSHORE COMPANY LIMITED, in its exploration activities in respect of Deepwater Cape Three Points Block (DWCTP) Offshore of the Republic of Ghana.

Dated this 7th day of March, 2019.
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

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 2018 Accounts

The Board shall propose the acceptance of the 2018 Accounts as the true and fair view of the state of affairs of the Company for the year ended 31st December, 2018 and of its performance for the year then ended.

2. To Declare a Dividend

The Directors recommend the payment of a dividend of GH₵0.042 per share amounting to GH₵16,458,251.00 for the year ended 31st December 2018.

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. Beauclerc Ato William
- Mrs. Rhoderline Baffour-Gyimah
- Mrs. Beatrix Agyeman Prempeh

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 Pannell Kerr Forster 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.

6. To change the company's name from Ghana Oil Company Limited to GOIL Company Limited.

In accordance with Section 15 of the Companies Act 1963, Act 179, change its company name from Ghana Oil Company Limited to GOIL Company Limited.

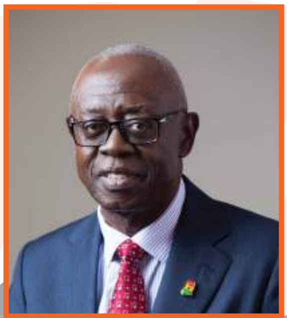
7. To alter its Regulations to reflect the name change from Ghana Oil Company Limited to GOIL Company Limited.

In accordance with Section 22 of the Companies Act 1963, Act 179 alter its Regulations to reflect the name change.

8. To be the Local Content Partner of Exxon Mobil Exploration and Production Ghana (Deepwater) Limited through its wholly owned subsidiary, GOIL OFFSHORE COMPANY LIMITED, in its exploration activities in respect of Deepwater Cape Three Points Block (DWCTP) Offshore of the Republic of Ghana.

In accordance with Regulation 4 (2) of Petroleum Local Content and Local Participation Regulations 2013 (Legislative Instrument 2204) to partner Exxon Mobil by providing 5% equity participation in their exploration activities in the Deepwater Cape Three Points Block.

Booard 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. Patrick Akpe Kwame Akorli
Group CEO & Managing Director

Mr. Gyamfi Amanquah
Chief Operating Officer, Goenergy

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

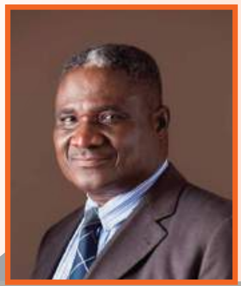
Mr. Marcus Deo Dake
Head, Fuels Marketing

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, Ladies and Gentlemen, it is my singular privilege to once again welcome you to our annual general meeting.

As Chairman of this Company I am proud to say that GOIL is truly Ghanaian as the saying goes. It is really exciting that we continue to be able to run such a prosperous company that competes well with multinationals in the country.

The year 2018 was a challenging year as the Company had to grapple with decisions regarding the direction of the Company. It is important to re-emphasize that adding on to shareholder-value has always been the overriding factor in all strategic decisions of the Board.

As we may be aware, sweeping reforms in the banking sector during the year 2018 made the performance of stock prices less impressive. For example, GOIL's share price peaked at GH₵5 per share in April 2018 but closed at GH₵2.9 in December 2018. Shareholders and potential investors of GOIL stocks should, however, be encouraged to acquire more shares in the company since the projections on return on investments in the subsequent years are good.

ECONOMIC AND BUSINESS ENVIRONMENT

Ghana is assessed as among the five fastest growing economies in Africa. Inflation hit the much anticipated single-digit level of 9.4% by December, 2018. While the Bank of Ghana Reference Rate closed the year at 16.27%, the 91-day bill (Treasury bill) leveled at 14.72%. By and large, these broad and positive macroeconomic aggregates are indicative of a potentially favorable output, expected to generate increased foreign direct investments and stimulate economic activities.

Contrary to declining consumption experienced in the last three years, official report from National Petroleum Authority showed an increase in consumption of fuel in the downstream sector by 12%. This is as a result of the tremendous effort by NPA to reduce incidents of smuggling and other criminal activities which had become rampant. It is hoped that these difficult but laudable efforts of the regulator will be sustained in the industry.

OPERATING AND FINANCIAL PERFORMANCE

The Board is impressed with the achievement of management's operational and financial results during the year 2018. GOIL continued to pursue the strategy to increase shareholders-value through the acquisition of more service stations as well as organic growth.

Sales promotions that went on during the latter part of the year attracted many customers to the service stations thereby increasing volume of sales. Besides this, Customer feedback also gave valuable insights into current consumer behavior which helped us in knowing the purchasing habits of consumers.

The Company recognizes the importance of operating efficiently using technology, innovation and change in behavior. The Company won the custom of several organizations as a result of improvement in the operations of both electronic card and coupon payment system. Moreover, the Company was very persistent in seeking to change the attitudes of station attendants through continuous training in customer service, health and safety.

The strategy adopted to form the subsidiary GOENERGY, a Bulk Distribution company has consistently yielded better financial results for the Company. As expected, GOENERGY continues to be the market leader in sales to the oil marketing companies, and has been the pillar behind GOIL's ability to have competitive pricing and access to products. I am also happy to observe that GOIL has been the stabilizing factor against arbitrary changes in the price of fuel in the country, which could have resulted from unstable world market price of fuel and foreign exchange fluctuations during the year 2018.

Over the last five years the Company's profit after tax has grown 20% per year on average. In the year under review, 2018, GOIL made a consolidated profit after tax of GH₵ 81.9 million, up by 26%. The assets of the GOIL as a group have grown by 30%, from GH₵1.036 billion to GH₵1.346 billion, though the benefit of the increase is yet to be realized. This is explained by the fact that a number service stations were acquired when it was getting close to the end of the year. Thus returns could not be realized during the year under review.

Earnings per share increased from approximately 17pesewas per share to 21pesewas per share. This strong financial performance speaks for an increase in dividend payment and, therefore, the Board proposes a 50% increase over that of the year 2017.

RECOGNITION AND AWARDS

GOIL continued to receive recognition and numerous awards from prestigious institutions, recognized industry regulators and allied associations in 2018. Key amongst them was the CIMG PETROLEUM COMPANY OF THE YEAR award for the third consecutive year. The company was also adjudged by the Ghana Investment Promotion Centre (GIPC), as NUMBER 2 in its GIPC Club 100 rankings; the 3rd LARGEST COMPANY IN GHANA as well as the Sec-

ond-Best-listed company on the Ghana Stock Exchange.
Other Awards include BRAND OF THE YEAR by the Ghana Energy Awards; GO ENERGY, BEST BDC OF THE YEAR and OIL MARKETING COMPANY OF THE YEAR at the OIL AND GAS AWARDS. The Company also received an award as the OVERALL BEST TAXPAYER 2017(Customs Division).

CORPORATE SOCIAL RESPONSIBILITY

GOIL recognizes the importance of building and sustaining a strong relationship with local communities we operate in, not to mention the strong sense of responsibility towards our environment. To this end, GOIL is committed to managing and executing Corporate Social Responsibility (CSR) policies that positively impact on the quality of life of the people and the communities we interact with.
Our CSR drive over the last few years has specifically concentrated on the provision of water and sanitation programs in deprived communities, support for health and sanitation, education and sport development. This is directly in line with the following Sustainable Development Goals (SDG)

- Goal 3- which focuses on the improvement of health and well-being of the people;
- Goal 4- which aims at assisting in the delivery of quality education and;
- Goal 6- which puts premium on clean water and sanitation.

Provision of Water

In the year under review, GOIL provided water for a number of communities. Multi-purpose mechanized bore-holes were initiated for Asemnyinaakrom, Achiase and Kobina Nketia in the Bia East District whilst residents of Hiamankene and Asempanaye in Twifu- Hemang as well as Amoesima in the Asebu Abura Kwamankese District are also benefiting.

Needy Institutions

In line with our Corporate Community Investment and CSR policies, GOIL donated to a number of vulnerable groups and socially disadvantaged institutions during the year under review. To name but a few, Accra Rehabilitation Centre; Accra Psychiatric Hospital, Ankaful Psychiatric Hospital and Village of Hope at Gomoa Fetteh, Ho Cured Lepers Village and the Teshie Orphanage.

Assistance in Health

The Company also supported the Graft Foundation to provide free reconstructive plastic surgery to the needy to enable them regain confidence and accepted back into society. We also assisted 'Operation Smile', a non-profit charity organization with support to operate and correct cleft defects in children.

HEALTH, SECURITY, SAFETY and ENVIRONMENT

GOIL is committed to achieving our goal of "Zero harm" to our staff, customers and communities in which we operate. Measures like Hazard Identification, Risk Assessment, Workplace audits and inspections were taken to ensure the full realization of this goal.

Our commitment to goal "Zero Harm" drove us to engage the best safety consultants in the industry, home and abroad, to conduct Hazard Identification and Risk Assessment training for our staff to ensure that hazards are reduced or eliminated. Our well trained and safety conscious staff also conducted successful audits that contributed to the accomplishment of our goal of "Zero Harm".

On the issue of health, the company strongly believes that ensuring healthy workforce and promoting wellbeing is crucial to building a prosperous GOIL. Several measures were taken to ensure a healthy workforce through health surveillance, health walk/talk and the provision of health Insurance for our staff.

Rampant robbery attacks at some of our remote retail stations in the first quarter of 2018, prompted management to implement rigorous security measures with the assistance of the Ghana Police Service to protect lives and property. These measures have been largely successful in deterring armed robbers and other criminals from our service stations.

The consistent use of our in-built fuel analyzer laboratory van has maintained customer confidence in quality of our fuels.
Environmental issues are very fundamental to the operations of the Company. Through dedication and hard work of the Board, Management and the entire staff of GOIL, the Company became ISO 14001:2015 (EMS) certified in December 2018.

WAY FORWARD

The Company is on an expansion path; in line with the Company's strategy, the construction of the bitumen plant, 3 LPG Gas-Recirculation Plants in Tema, Kumasi, and Tamale, streaming of more service stations and intensification of activities in the offshore business are in progress.
GOIL recognizes that advancement in technology has become a game changer. To this end, the Company continues to train employees to bring their competencies to the level where they can take advantage of the innovations in the industry. As the Company prepares to go upstream it has become imperative

to gain more knowledge in the upstream sector so that GOIL can diversify and expand its activities.

Going beyond the Company's core business, one growth opportunity in the Company's five year plan is to leverage on our experience in e-payment to offer better financial services to the populace. The Company has managed to integrate its e-payment platform with that of the national payment platform. Therefore besides being able to use bank card on Point of Sale terminals deployed by banks at the service stations, the holder of a bank card can directly interact with GOIL's e-payment system without hustle. There are other financial services in the pipeline that will be made available to the public within the year 2019.

ACKNOWLEDGEMENT

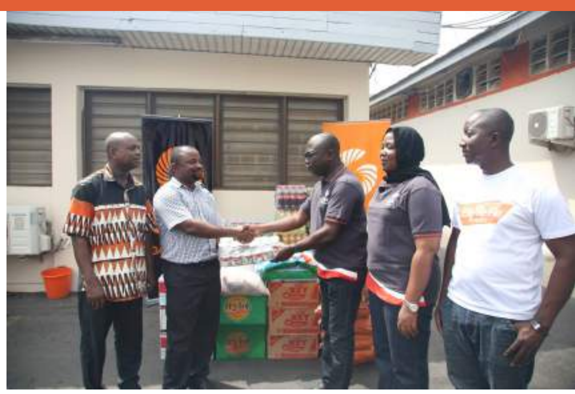
First of all, I would like to thank our regulators and all other stakeholders whose immense support have been instrumental in making GOIL what it is today. We also appreciate very much the financial and advisory support received from our cherished shareholders. Finally, my heart goes to my fellow Board members and the entire members of staff of GOIL for their dedication and hard work.

Thank you.

Corporate Events & Activities

Water Projects

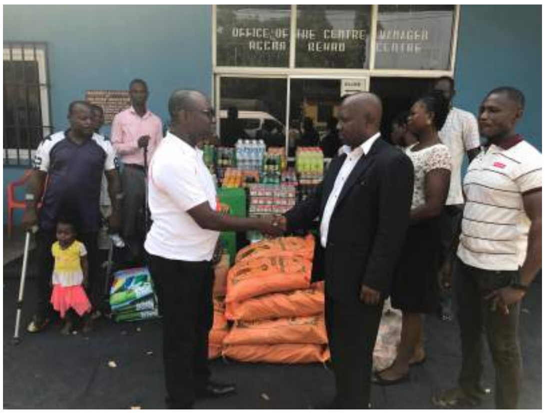
Donation to Hope Vocational Institute

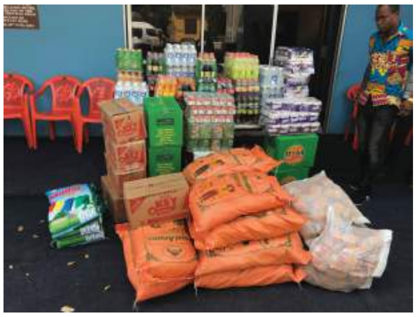


Frafraha Community SHS

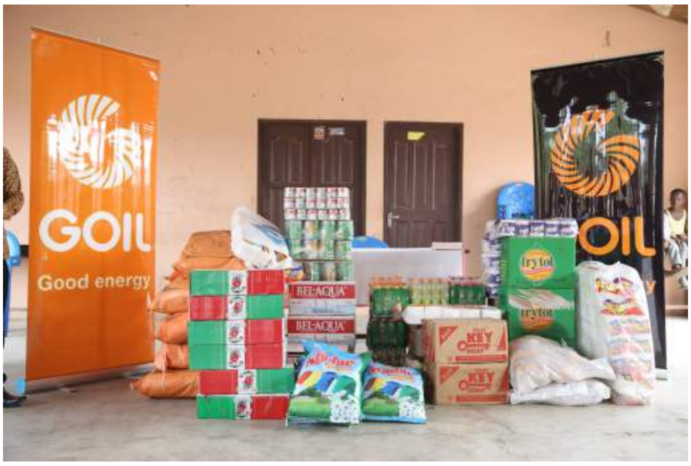
Corporate Events & Activities

Donation to Accra Psychiatric Hospital & Accra Rehabilitation Centre





Donation to Schoonhoven Cured Lepers Village



Donation to Teshie Children's Home

REPORT OF THE DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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, 2018.

RESULTS OF OPERATIONS	Group		Company	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Gross sales	**5,701,792**	4,669,509	**3,690,676**	3,058,818
Customs duties and levies	**(610,168)**	(590,946)	**(610,168)**	(590,946)
Net sales	**5,091,624**	4,078,563	**3,080,508**	2,467,872
Profit for the year	**114,138**	84,523	**76,195**	49,511
from which is deducted; provision for estimated income tax of	**(32,191)**	(19,434)	**(22,081)**	(10,176)
leaving a net profit after tax of	**81,947**	65,089	**54,114**	39,335
to which is added the income surplus brought forward from the previous year of	**160,659**	108,621	**102,226**	74,654
	242,606	173,710	**156,340**	113,989
Less:				
final dividend paid; for 2017 at GH¢0.028 per share (2016 at GH¢0.025 per share)	**(10,927)**	(9,796)	**(10,927)**	(9,796)
transfer to building fund,	**(4,097)**	(3,254)	**(2,706)**	(1,967)
	227,582	160,659	**142,708**	102,226

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 2018

DIRECTORS

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

Name			Date appointed
Hon. Peter Kwamena Bartels	Chairman	-	18.05.2017
Mr. Patrick Akpe Kwame Akorli	Member	-	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

DIVIDEND

A final dividend of **GH₵0.042**per share amounting to **GH₵16,458,251.00**has been proposed for the year ended 31 December 2018. (2017: GH₵0.028 per share, amounting to GH₵10,972,168).

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, 2018, 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

03/04/2019.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GHANA OIL COMPANY LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018, 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, 2018, 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 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.

Gross trade receivable as at 31 December, 2018, amounted to GH₵ 464.20 million against which impairment provision of GH₵ 5.3 million were recorded. We focused on allowance for impairment of trade receivables because the determination of appropriate level of provisioning for impairment requires significant judgement. The basis of the provisions and critical judgements relating to the calculation of the impairment provisions are summarised in **note (xiv)** 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** of the financial statements.

How our audit addressed the key audit matter; - We updated our understanding and tested the operating effectiveness of management's controls over the trade receivables process.

We obtained aging analysis of trade receivables and summary payments by debtors of the Group. We assessed the reasonableness of management’s judgement by testing the aging of debtors, and recomputed the impairment provisions based on the observable loss experience of debtors. We tested subsequent receipts from selected debtors to assess the recoverability of debtors at the year end.

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 account have been kept by Ghana Oil Company Limited, 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 account.

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

PKF

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For and on behalf of
PKF: (ICAG/F/2019/039)
Chartered Accountants
Farrar Avenue
P. O. Box GP 1219,
Accra.

03/04/2019.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Notes	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross Revenue		**5,701,792**	4,669,509	**3,690,676**	3,058,818
Customs Duties and Levies		**(610,168)**	(590,946)	**(610,168)**	(590,946)
Net Revenue		**5,091,624**	4,078,563	**3,080,508**	2,467,872
Cost of Sales		**(4,804,489)**	(3,875,756)	**(2,850,976)**	(2,311,965)
Gross Profit		**287,135**	202,807	**229,532**	155,907
Sundry Income	*3*	**10,063**	18,232	**10,063**	18,232
Depot and Station Expenses	*2a.*	**(53,854)**	(44,626)	**(51,471)**	(43,556)
Staff, Selling & Administrative Expenses	*2b.*	**(122,837)**	(96,003)	**(106,099)**	(85,507)
Operating profit before financing cost		**120,507**	80,410	**82,025**	45,076
Net Finance Income	*4*	**(6,369)**	4,113	**(5,830)**	4,435
Profit before Taxation		**114,138**	84,523	**76,195**	49,511
Income Tax Expense	*5*	**(32,191)**	(19,434)	**(22,081)**	(10,176)
Net profit after tax attributable to equity holders of the company		**81,947**	65,089	**54,114**	39,335
Other Comprehensive Income					
Valuation (loss)/gains on fair value through other comprehensive income equity investments	*20*	**(135)**	1,613	**(135)**	1,613
Total Other Comprehensive Income		**(135)**	1,613	**(135)**	1,613
Total Comprehensive Income for the year		**81,812**	66,702	**53,979**	40,948
Earning per share (GH¢)	*28*	**0.209**	0.166	**0.138**	0.100
Dividend per share (GH¢)	*21*	**0.042**	0.028	**0.042**	0.028

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
NON CURRENT ASSETS	***Notes***	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Property, Plant and Equipment	***8a***	**570,120**	426,368	**526,409**	409,436
Intangible Asset	***12***	**1,546**	2,669	**1,546**	2,669
Fair value through other comprehensive income investments	***9a***	**7,095**	7,230	**7,125**	7,260
TOTAL NON CURRENT ASSETS		**578,761**	436,267	**535,080**	419,365
CURRENT ASSETS					
Stocks	***10***	**127,211**	112,981	**32,731**	42,153
Accounts Receivable	***11***	**540,911**	409,671	**475,426**	396,780
Financial Assets at Amortised Cost	***9b***	**10,323**	8,455	**10,323**	8,455
Current tax	***7a***	**0**	5,166	**0**	7,346
Cash and Bank Balances	***13***	**88,307**	63,970	**45,944**	26,430
TOTAL CURRENT ASSETS		**766,752**	600,243	**564,424**	481,164
TOTAL ASSETS		**1,345,513**	1,036,510	**1,099,504**	900,529
EQUITY					
Stated Capital	***17***	**185,589**	185,589	**185,589**	185,589
Building Fund	***18***	**18,230**	13,436	**13,763**	10,361
Income Surplus	***19***	**227,582**	160,659	**142,708**	102,226
Capital Surplus	***20***	**7,248**	7,383	**7,248**	7,383
TOTAL EQUITY		**438,649**	367,067	**349,308**	305,559
NON CURRENT LIABILITIES					
Deferred Tax	***7b***	**17,194**	12,216	**17,203**	12,158
Non Current Term Loan	***16b***	**49,901**	0	**49,901**	0
TOTAL NON CURRENT LIABILITIES		**67,095**	12,216	**67,104**	12,158
CURRENT LIABILITIES					
Bank Overdraft	***14***	**49,849**	52,567	**49,849**	52,567
Accounts Payable	***15***	**770,731**	602,900	**615,493**	528,485
Current tax	***7a***	**1,689**	0	**250**	0
Current Portion of Term Loan	***16c***	**17,500**	1,760	**17,500**	1,760
TOTAL CURRENT LIABILITIES		**839,769**	657,227	**683,092**	582,812
TOTAL LIABILITIES		**906,864**	669,443	**750,196**	594,970
TOTAL EQUITY AND LIABILITIES		**1,345,513**	1,036,510	**1,099,504**	900,529

Approved by the Board on 16/03/2019.

Director | **Director**

Hon. Kwamena Bartels
Chairman

Mr. Patrick Akpe Kwame Akorli
Group CEO and MD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

GROUP	**Stated Capital**	**Building Fund**	**Income Surplus**	**Capital Surplus**	**Totals**
2018	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Balance at 1 January 2018	185,589	13,436	160,659	7,383	367,067
Net profit for the year	0	0	81,947	0	81,947
Transfer to Building Fund	0	4,097	(4,097)	0	0
Interest Earned on Amount Invested	0	697	0	0	697
Equity investment reserves	0	0	0	(135)	(135)
Dividend paid	0	0	(10,927)	0	(10,927)
Balance at 31 December 2018	**185,589**	**18,230**	**227,582**	**7,248**	**438,649**
2017					
Balance at 1 January 2017	185,589	9,576	108,620	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**

COMPANY					
Balance at 1 January 2018	185,589	10,361	102,226	7,383	305,559
Net profit for the year	0	0	54,114	0	54,114
Transfer to Building Fund	0	2,706	(2,706)	0	0
Interest Earned on Amount Invested	0	697	0	0	697
Revaluation Loss on Available for Sale Investments	0	0	0	(135)	(135)
Dividend paid	0	0	(10,927)	0	(10,927)
Balance at 31 December 2018	**185,589**	**13,763**	**142,708**	**7,248**	**349,308**
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**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	2018	2017	2018	2017
Cash flow from operating activities	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Operating Profit	**114,138**	84,523	**76,195**	49,511
Adjustment for:				
Depreciation and Amortisation charges	**33,496**	28,878	**31,838**	27,674
(Profit)/Loss on sale of Property, Plant and Equipment	**(77)**	34	**(77)**	34
Net effect of over provision of Corporate Tax	**6,401**	0	**6,401**	0
Interest and Dividend Received	**(1,831)**	(11,793)	**(1,831)**	(11,793)
Interest Paid	**8,200**	7,680	**7,661**	7,358
Operating Profit Before Working Capital Changes	**160,327**	109,322	**120,187**	72,784
Change in Stocks	**(14,230)**	(65,041)	**9,422**	(12,559)
Change in Accounts Receivable	**(131,240)**	(35,597)	**(78,646)**	(82,797)
Change in Accounts Payable	**167,831**	105,503	**87,008**	105,287
Cash generated from operations	**182,688**	114,187	**137,971**	82,715
Company Tax Paid	**(29,776)**	(17,198)	**(18,858)**	(9,300)
Net Cash Inflow from Operating activities	**152,912**	96,989	**119,113**	73,415
Cash flows from Investing activities				
Interest and Dividend Received	**1,831**	11,793	**1,831**	11,793
Interest paid	**(8,200)**	(7,680)	**(7,661)**	(7,358)
Acquisition of Property, Plant and Equipment	**(176,270)**	(148,730)	**(147,833)**	(133,321)
Receipt from disposal of Property, Plant and Equip.	**223**	189	**223**	189
Net Cash Outflows from Investing Activities	**(182,416)**	(144,428)	**(153,440)**	(128,697)
Net Cash Outflows Before Financing	**(29,504)**	(47,439)	**(34,327)**	(55,282)
Cash flows from Financing Activities				
Changes in Term Loan	**65,641**	(10,966)	**65,641**	(10,966)
Dividend paid	**(7,214)**	(6,441)	**(7,214)**	(6,441)
Net Cash Inflows from Financing Activities	**58,427**	(17,407)	**58,427**	(17,407)
Net Increase/(Decrease) in Cash and Cash Equivalents	**28,923**	(64,846)	**24,100**	(72,689)
Cash and Cash Equivalents at 1 January	**19,858**	84,704	**(17,682)**	55,007
Cash and Cash Equivalents at 31 December	**48,781**	19,858	**6,418**	(17,682)
Cash and Cash Equivalents				
Cash at Bank and in Hand	**88,307**	63,970	**45,944**	26,430
Bank Overdraft	**(49,849)**	(52,567)	**(49,849)**	(52,567)
Financial Assets at Amortised Cost	**10,323**	8,455	**10,323**	8,455
	48,781	19,858	**6,418**	(17,682)

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 Group 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 Group 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 (GH₵), which is the Group'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 Group activities. Revenue is shown net of value-added tax (VAT), rebates and discount.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below. The Group 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 Group 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 custome

- 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

The Group adopted IFRS 9 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Group's financial statements. Due to the transition method chosen by the Group in applying IFRS 9, comparative information throughout these financial statements has not generally been restated to reflect its requirements.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The requirements of IFRS 9 represent a significant change from IAS 39. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

The Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018, but have not been applied to the comparative information. The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 are summarised below.

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under IFRS 9 derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

Business Model Assessment

Business model assessment involves determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Group assesses business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective. For the assessment of business model, the Group takes into consideration the following factors:

- the stated policies and objectives for the portfolio and the operation of those policies in practice.

In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets

- how the performance of assets in a portfolio is evaluated and reported to management and other key decision makers within the Group's business lines;

- the risks that affect the performance of assets held within a business model and how those risks are managed;

- how compensation is determined for the Group's business lines' management that manages the assets; and

- the frequency and volume of sales in prior periods and expectations about future sales activity.

Management determines the classification of the financial instruments at initial recognition. The business model assessment falls under three categories:

- Business Model 1(BM1): Financial assets held with the sole objective to collect contractual cash flows;
- Business Model 2 (BM2): Financial assets held with the objective of both collecting contractual cash flows and selling; and
- Business Model 3 (BM3): Financial assets held with neither of the objectives mentioned in BM1 or BM2 above. These are basically financial assets held with the sole objective to trade and to realize fair value changes.

The Group may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

- When the Group sells financial assets to reduce credit risk or losses because of an increase in the assets' credit risk. The Group considers sale of financial assets that may occur in BM1 to be infrequent if the sales is one-off during the financial year and/or occurs at most once during the quarter or at most three (3) times within the financial year.

- Where these sales are infrequent even if significant in value. A sale of financial assets is considered infrequent if the sale is one-off during the financial year and/or occurs at most once during the quarter or at most three (3) times within the financial year.

- Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.

- When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximates the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets has a tenor to maturity of not more than one (1) year and/or the difference between the remaining contractual cash flows expected from the financial asset does not exceed the cash flows from the sales by ten (10) per cent.

- Other reasons: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the BM1 category that will not constitute a change in business model:

    - Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).
    - Selling the financial asset to manage credit concentration risk (infrequent) .

- Selling the financial assets as a result of changes in tax laws (infrequent).
- Other situations also depend upon the facts and circumstances which need to be judged by the management.

Impairment of financial assets
IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Transition
Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below – Comparative periods generally have not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9. The Group used the exemption not to restate comparative periods but considering that the amendments made by IFRS 9.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of the business model within which a financial asset is held.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.
- If a debt security had low credit risk at the date of initial application of IFRS 9, then the Group has assumed that credit risk on the asset had not increased significantly since its initial recognition.

Date of recognition
Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Initial measurement of financial instruments
Financial asset or liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described below.
Day 1 profit or loss - When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net trading income. In those cases, where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

Classification and Measurement categories of financial assets and liabilities
From 1 January 2018, the Group has classified all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVPL)

The Group may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies. Before 1 January 2018, the Group classified its financial assets as receivables (amortised cost), FVPL, available-for-sale or held-to-maturity (amortised cost). Financial liabilities are measured at amortised cost or at FVPL when they are held for trading and derivative instruments or the fair value designation is applied.

The solely payment of principal and interest (SPPI) test
As a second step of its classification process the Group assesses the contractual terms of financial instrument to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Equity instruments at FVOCI (Policy applicable from 1 January 2018)
Upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in statement of comprehensive income as other operating income when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment.

Debt issued and other borrowed funds
After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

Financial assets and financial liabilities at fair value through profit or loss
Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVPL upon initial recognition when criteria set are met.

Derecognition of financial assets and liabilities
Derecognition due to substantial modification of terms and conditions - The Group derecognises a financial asset, such as trade receivables, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new trade receivable, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised trade receivable are classified as Stage 1 for ECL measurement purposes, unless the new trade receivable is deemed to be 'purchased or originated credit-impaired financial assets' (POCI assets).

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on

substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Overview of the expected credit loss (ECL) principles

The adoption of IFRS 9 has fundamentally changed the Group's trade receivable loss impairment method by replacing IAS 39's incurred loss approach with a forward-looking ECL approach. From 1 January 2018, the Group has been recording the allowance for expected credit losses for all trade receivable.

The ECL allowance is based on the credit losses expected to arise over the life of the asset, the lifetime expected credit loss (LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12 months ECL).

The 12 months ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12 months ECLs are calculated on either an individual basis or a collective basis depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Stage 1, Stage 2, Stage 3

• Stage 1: When trade receivables are first recognised, the Group recognises an allowance based on 12m ECLs. Stage 1 trade receivable also include balances where the credit risk has improved and the amount has been reclassified from Stage 2.

• Stage 2: When a trade receivable has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 receivables also include balances, where the credit risk has improved and the amount has been reclassified from Stage 3.

• Stage 3: trade receivable considered credit-impaired. The Group records an allowance for the LTECLs.

The calculation of expect credit loss (ECLs)

The Group calculates ECLs based on a four probability- weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows;

• PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period if the facility has not been previously derecognised and is still in the portfolio.

• EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

• LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the financial statement months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When account balance has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For account balances considered credit-impaired the Group recognises the lifetime expected credit losses for these balances. The method is similar to that for Stage 2 assets, with the PD set at 100%.

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 – Othe	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 Group's functional currency is the Ghana Cedi. In preparing the balance sheet of the Group, 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 Group 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 Group 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 Group provides for income taxes at the current tax rates on the taxable profits of the Group.

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 Group'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 Group 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
In line with IFRS 9, the Group assesses the under listed financial instruments for impairment using Expected Credit Loss (ECL) approach:

- Amortized cost financial assets;
- Debt securities classified as at FVOCI;
- Off-balance sheet loan commitments; and
- Financial guarantee contracts.

Equity instruments and financial assets measured at FVTPL are not subjected to impairment under the standard.

Expected Credit Loss Impairment Model
The Group's allowance for credit losses calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

The Group adopts a three-stage approach for impairment assessment based on changes in credit quality since initial recognition.

- Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.

- Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

- Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

The guiding principle for ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments since initial recognition. The ECL allowance is based on credit losses expected to arise over the life of the asset (life time expected credit loss), unless there has been no significant increase in credit risk since origination.

Measurement of Expected Credit Losses
The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses are modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

Details of these statistical parameters/inputs are as follows:

- PD – The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognized and is still in the portfolio.

- 12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs. The Group obtains the constant and relevant coefficients for the various independent variables and computes the outcome by incorporating forward looking macroeconomic variables and computing the forward probability of default.

- Lifetime PDs – This is the estimated probability of default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs for 'stage 2' and 'stage 3' exposures. PDs are limited to the maximum period of exposure required by IFRS 9. The Group obtains 3 years forecast for the relevant macroeconomic variables and adopts exponentiation method to compute cumulative PD for future time periods for each obligor.

- EAD – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

- LGD – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

To estimate expected credit loss for off balance sheet exposures, credit conversion factor (CCF) is usually computed. CCF is a modelled assumption which represents the proportion of any undrawn exposure that is expected to be drawn prior to a default event occurring. It is a factor that converts an off balance sheet exposure to its credit exposure equivalent. In modelling CCF, the Group considers its account monitoring and payment processing policies including its ability to prevent further drawings during periods of increased credit risk. CCF is applied on the off balance sheet exposures to determine the EAD and the ECL impairment model for financial assets is applied on the EAD to determine the ECL on the off balance sheet exposures.

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 Group'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 Group contributes 13% of employees' basic salary to SSNIT for employee pensions. The Group'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 Group has an End of Service Benefit Scheme for all permanent employees. The Group sets aside 10% Gross Basic Salaries into the fund. The Group's obligation under the plan is limited to the relevant contribution attributable to each individual staff member.

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The Group 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 Group 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.

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The Group 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 Group 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 2018, 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;
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- 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

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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 construction or production of a qualifying asset shall be capitalised as part of the cost of that asset.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	2018	**2017**	**2018**	**2017**
2.a DEPOT AND STATION EXPENSES;	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Includes depreciation; - **GH¢25,486,000** (2017 - GH¢21,686,248)				
b. SELLING AND ADMINISTRATION EXPENSES;				
Include the following:-				
Depreciation and Amortisation	**8,085**	7,192	**6,501**	6,018
Directors Fees & Expenses	**1,722**	1,520	**1,503**	1,417
Auditor's Remuneration	**260**	210	**180**	150
Donation and Corporate Social Responsibility	**7,431**	8,749	**5,519**	6,422
3. SUNDRY INCOME				
Exchange Gain	**3,772**	1,969	**3,772**	1,969
Contractors Registration	**6**	33	**6**	33
Miscellaneous Income	**2,011**	1,997	**2,011**	1,997
Commission	**139**	3,318	**139**	3,318
Various Rent	**4,058**	4,016	**4,058**	4,016
Discount Received	**0**	6,899	**0**	6,899
Profit on Sale of Property, Plant and Equipment	**77**	0	**77**	0
	10,063	18,232	**10,063**	18,232
4. NET FINANCE (EXPENSES)/INCOME				
Interest and Dividend Income	**1,831**	11,793	**1,831**	11,793
Bank loan interest and Other Finance Charges	**(8,200)**	(7,680)	**(7,661)**	(7,358)
	(6,369)	4,113	**(5,830)**	4,435
5. TAXATION				
Current Tax	**27,213**	20,697	**17,036**	11,372
Over Provision of previous years Assessment.	**0**	(3,372)	**0**	(3,372)
	27,213	17,325	**17,036**	8,000
Deferred Tax Charge	**4,978**	2,109	**5,045**	2,176
	32,191	19,434	**22,081**	10,176

6. RECONCILIATION OF EFFECTIVE TAX

	Group		Company	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Profit before tax less rent income	**110,081**	80,507	**72,138**	45,495
Tax at applicable tax rate at 25%(2017 - 25%)	**27,520**	20,127	**18,035**	11,374
Tax effect of non-deductible expenses	**15,369**	8,994	**14,386**	8,229
Tax effect of non-chargeable income	**(19)**	0	**(19)**	0
Tax effect of capital allowances	**(16,266)**	(9,026)	**(15,975)**	(8,833)
Tax effect on rent income	**609**	602	**609**	602
Over provision of previous years assessments	**0**	(3,372)	**0**	(3,372)
Origination/(reversal) of temporary differences	**4,978**	2,109	**5,045**	2,176
	32,191	19,434	**22,081**	10,176
Effective tax rate (%)	**28.20**	22.99	**28.98**	20.55

7a. CURRENT TAX

GROUP	Balance at 1 January GH¢'000	Over Provision GH¢'000	Tax Paid/ Refund GH¢'000	Charge to P&L GH¢'000	Balance at 31 Dec. GH¢'000
Up to 2016	8,909	(9,418)	163	0	(346)
2017	(3,743)	0	5,993	0	2,250
2018	0	0	23,620	(27,213)	(3,593)
Total	**5,166**	**(9,418)**	**29,776**	**(27,213)**	**(1,689)**
COMPANY					
Up to 2016	9,418	(9,418)	0	0	0
2017	(2,072)	0	4,342	0	2,270
2018	0	0	14,516	(17,036)	(2,520)
Total	**7,346**	**(9,418)**	**18,858**	**(17,036)**	**(250)**

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.

7b. DEFERRED TAXATION

	Group		Company	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Balance at 1 January	**12,216**	10,107	**12,158**	9,982
Charge for the year	**4,978**	2,109	**5,045**	2,176
Balance at 31 December	**17,194**	12,216	**17,203**	12,158

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 25% (2017 - 25%).

8a PROPERTY, PLANT AND EQUIPMENT

GROUP

	F'HOLD LAND & BUILDINGS	L'SEHOLD LAND & BUILDINGS	PLANT MACH. & EQUIP.	MOTOR VEHICLES	FURN. & EQUIP.	COMPUTERS & ACCESS.	CAPITAL WORK IN PROGRESS	TOTAL
Cost / Valuation	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Balance at 01.01.2018	1,195	176,741	128,916	25,289	7,570	3,241	188,031	530,983
Additions during the year	0	26,213	14,874	3,929	1,998	1,425	127,831	176,270
Transfers during the year	0	71,272	88,649	0	16	0	(159,937)	0
Disposals during the year	0	0	0	(630)	0	0	0	(630)
Balance at 31.12.2018	1,195	274,226	232,439	28,588	9,584	4,666	155,925	706,623
Depreciation								
Balance at 01.01.2018	141	16,575	69,570	12,969	2,768	2,592	0	104,615
Charges during the year	24	3,801	21,587	5,146	901	914	0	32,373
Disposal during the year	0	0	0	(485)	0	0	0	(485)
Balance at 31.12.2018	165	20,376	91,157	17,630	3,669	3,506	0	136,503
Net Book Value								
31 December 2018	**1,030**	**253,850**	**141,282**	**10,958**	**5,915**	**1,160**	**155,925**	**570,120**
31 December 2017	1,054	160,166	59,346	12,320	4,802	649	188,031	426,368

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.

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	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Balance at 01.01.2018	1,195	162,122	128,766	21,937	6,365	2,782	188,031	511,198
Additions during the year	0	108	14,654	2,338	1,620	1,282	127,831	147,833
Transfers during the year	0	71,272	88,649	0	16	0	(159,937)	0
Disposals during the year	0	0	0	(630)	0	0	0	(630)
Balance at 31.12.2018	1,195	233,502	232,069	23,645	8,001	4,064	155,925	658,401
Depreciation								
Balance at 01.01.2018	141	16,575	69,532	10,906	2,432	2,176	0	101,762
Charges during the year	24	3,801	21,513	3,910	668	799	0	30,715
Disposal during the year	0	0	0	(485)	0	0	0	(485)
Balance at 31.12.2018	165	20,376	91,045	14,331	3,100	2,975	0	131,992
Net Book Values								
31 December 2018	**1,030**	**213,126**	**141,024**	**9,314**	**4,901**	**1,089**	**155,925**	**526,409**
31 December 2017	1,054	145,547	59,234	11,031	3,933	606	188,031	409,436

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.

	Group 2018 GH¢'000	Group 2017 GH¢'000	Company 2018 GH¢'000	Company 2017 GH¢'000
9a FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME INVESTMENTS				
Ghana Bunkering Services Ltd.	**222**	222	**222**	222
Investment in Subsidiary	**0**	0	**30**	30
Total (Ghana) Ltd.	**3,538**	3,673	**3,538**	3,673
Tema Lube Oil Company Ltd.	**11**	11	**11**	11
Metro Mass Transit Company Limited	**414**	414	**414**	414
JUHI	**2,910**	2,910	**2,910**	2,910
	7,095	7,230	**7,125**	7,260

Fair value through other comprehensive income investments of the above companies are made up of equity shares.

	Group 2018 GH¢'000	Group 2017 GH¢'000	Company 2018 GH¢'000	Company 2017 GH¢'000
9b FINANCIAL ASSETS AT AMORTISED COST				
Fixed Deposit	**10,323**	8,455	**10,323**	8,455
10. STOCKS & GOODS IN TRANSIT				
Trading : Fuel	**94,576**	75,100	**1,735**	5,031
Lubricants	**11,750**	10,549	**11,750**	10,549
L.P. Gas	**100**	137	**100**	137
	106,426	85,786	**13,585**	15,717
Non Trading : Materials	**20,785**	27,195	**19,146**	26,436
	127,211	112,981	**32,731**	42,153
11. ACCOUNTS RECEIVABLE				
Trade Receivable	**464,166**	392,998	**399,888**	380,107
Other Receivable	**75,823**	14,286	**74,616**	14,286
Staff Receivable	**75**	123	**75**	123
Prepayments	**6,100**	7,160	**6,100**	7,160
	546,164	414,567	**480,679**	401,676
Less: Impairment Loss on Financial Instruments	**(5,253)**	(4,896)	**(5,253)**	(4,896)
	540,911	409,671	**475,426**	396,780

The maximum amount owed by the staff in thousands of Ghana Cedis did not at one particular time exceed : **2018 GH¢75 (2017: GH¢123)**

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

	Group		Company	
	2018	2017	2018	2017
12 INTANGIBLE ASSETS	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Balance at 1 January	**8,742**	8,742	**8,742**	8,742
Additions during the year	**0**	0	**0**	0
Balance at 31 December	**8,742**	8,742	**8,742**	8,742
Amortisation				
Balance at 1 January	**6,073**	4,538	**6,073**	4,538
Amortisation for the year	**1,123**	1,535	**1,123**	1,535
Balance at 31 December	**7,196**	6,073	**7,196**	6,073
Carrying amount				
At 31 December	**1,546**	2,669	**1,546**	2,669

This relates to the cost of rebranding and computer software.

13. CASH AND BANK BALANCES

Current Account	**88,280**	63,940	**45,917**	26,400
Cash in Hand	**27**	30	**27**	30
	88,307	63,970	**45,944**	26,430

14. BANK OVERDRAFT

GCB Bank Limited	**0**	15,231	**0**	15,231
Universal Merchant Bank Limited	**6,662**	0	**6,662**	0
Prudential Bank Ghana Limited	**7,034**	852	**7,034**	852
First Atlantic Bank Limited	**2,529**	0	**2,529**	0
Ecobank Ghana Limited	**22,997**	20,116	**22,997**	20,116
Stanbic Bank Ghana Limited	**351**	2,612	**351**	2,612
Societe Generale Ghana Limited	**9,395**	13,472	**9,395**	13,472
Barclays Bank Ghana Limited	**787**	0	**787**	0
National Investment Bank Ghana Limited	**0**	205	**0**	205
Others	**94**	79	**94**	79
	49,849	52,567	**49,849**	52,567

Universal Merchant Bank Limited

The company has an overdraft facility of GH¢18,000,000 with Universal Merchant Bank Limited at an interest rate of 18.0% and the facility expires on 30 September, 2019.

Prudential Bank Ghana Limited

The company has an overdraft facility of GH¢10,000,000 with Prudential Bank Ghana Limited at an interest rate of 20.50% and the facility expires on 30 June, 2019.

First Atlantic Bank Limited

The company has an overdraft facility of GH¢15,000,000 with First Atlantic Bank Limited at an interest rate of 20.0% and the facility expires on 31 August, 2019.

Ecobank Ghana Limited

The company has an overdraft facility of GH¢30,000,000 with Ecobank Ghana Limited at an interest rate of 22.0% and the facility expires on 31 December, 2019.

Societe Generale Ghana Limited

The company has an overdraft facility of GH¢27,000,000 with Societe Generale Ghana Limited at an interest rate of 18.0% and the facility expires on 31 May, 2019.

	Group		Company	
	2018	2017	2018	2017
15. ACCOUNTS PAYABLE	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Trade Payable	**592,564**	393,209	**423,070**	338,863
Other Payable	**177,573**	209,452	**191,933**	189,443
Accruals	**594**	239	**490**	179
	770,731	602,900	**615,493**	528,485
16a TERM LOAN				
Balance as at I January	**1,760**	12,726	**1,760**	12,726
Addition during the year	**70,000**	0	**70,000**	0
Loan repayment	**(4,359)**	(10,966)	**(4,359)**	(10,966)
	67,401	1,760	**67,401**	1,760
16b LONG TERM PORTION				
Medium Term Loan	**49,901**	0	**49,901**	0
	49,901	0	**49,901**	0
16c SHORT TERM PORTION				
Medium Term Loan	**17,500**	1,760	**17,500**	1,760
	17,500	1,760	**17,500**	1,760

First Atlantic Bank

The bank granted a medium term loan facility of GH¢30,000,000 to the company. The facility is due to expire on August, 2020 and interest rate is 20.0% per annum (inclusive of six month moratorium on principal repayment). The facility is to finance capital expenditure.

United Bank for Africa Ghana Limited

The bank granted a medium term loan facility of GH¢40,000,000 to the company. The facility is due to expire on May, 2022 and interest rate is 18.0% per annum. The facility is to finance capital expenditure.

17. STATED CAPITAL

	2018	2017
Number of authorised shares	**1,000,000,000**	1,000,000,000
Total number of issued shares	**391,863,128**	391,863,128
	GH¢'000	**GH¢'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.

	2018	2017
Balance at 1 January	**13,436**	9,576
Transfer from Income Surplus	**4,097**	3,254
Interest earned on amount invested	**697**	606
Balance at 31 December	**18,230**	13,436

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 fair value through other comprehensive income investments of 1,040,528 shares held in Total Petroleum Ghana Limited as a result of the adoption of International Financial Reporting Standards.

	Equity investment reserves	**Revaluation surplus**	**2018**	**2017**
	GH¢'000	GH¢'000	**GH¢'000**	**GH¢'000**
Balance at 1 January 2017	3,477	3,906	**7,383**	5,770
Revaluation	(135)	0	**(135)**	1,613
Balance at 31 December 2017	3,342	3,906	**7,248**	7,383

21. DIVIDEND

Final Dividend paid was GH¢0.028 per Share (2016; GH¢0.025	**10,972**	9,796
per Share) Payments during the year	**(10,972)**	(9,796)
	0	0

A final dividend of **GH¢0.042** per share amounting to **GH¢16,458,251.00** has been proposed for the year ended 31 December 2018. (2017: GH¢0.028 per share, amounting to GH¢10,972,168)

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 obligations, 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 insititutions 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.

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	
		2018	**2017**	**2018**	**2017**
	NOTE	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Fair value through other comprehensive income investments	**9a**	**7,095**	7,230	**7,125**	7,260
Loans and Receivables	***11***	**540,911**	409,671	**475,426**	396,780
Cash and Cash Equivalents	***13***	**88,307**	63,970	**45,944**	26,430
		636,313	480,871	**528,495**	430,470

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

Public Institutions	**464,166**	392,998	**399,888**	380,107

Impairment Losses (Group)

	2018		2017	
	Gross	**Impairment**	**Gross**	**Impairment**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Past due after 0 - 180 days	**464,166**	**0**	392,998	0

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

	2018	**2017**
	GH¢'000	**GH¢'000**
Trade Receivables	**464,166**	392,998
Impairment loss recognised	**(5,253)**	(4,896)
Balance at 31 December	**458,913**	388,102

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.

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

31 December 2018

Non-derivative financial liability	**Amount**	**6 mths or less**	**6-12 mths**	**1-3 years**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Secured bank loans	67,401	8,750	8,750	49,901
Trade and other payables	770,731	770,731	0	0
Bank overdraft	49,849	49,849	0	0
Balance at 31 December 2018	**887,981**	**829,330**	**8,750**	**0**

31 December 2017

Non-derivative financial liability	**Amount**	**6 mths or less**	**6-12 mths**	**1-3 years**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'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**

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	
	2018	2017
Variable rate instrument	**GH¢'000**	GH¢'000
Financial liabilities	**117,250**	54,327

Fair value sensitivity analysis for fixed rate instrument

The company did not have fixed rate instrument at 31 December 2018 and also at 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 2018		31 December 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Loans and Receivables	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Trade and Other Receivables	**540,911**	**540,911**	409,671	409,671
Cash and Cash Equivalents	**88,307**	**88,307**	63,970	63,970
Financial Assets at Amortised Cost	**10,323**	**10,323**	8,455	8,455
	639,541	**639,541**	482,096	482,096
Available for Sale Financial Instrument				
Long Term Investment	**7,095**	**7,095**	7,230	7,230
Other Financial Liabilities				
Secured Bank Loan	**67,401**	**67,401**	1,760	1,760
Trade and Other Payables	**770,731**	**770,731**	602,900	602,900
Bank Overdraft	**49,849**	**49,849**	52,567	52,567
	887,981	**887,981**	657,227	657,227

24 CAPITAL COMMITMENTS

There were no commitments for capital expenditure at the balance sheet date as at 31 December 2018 and also as at 31 December 2017.

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.

RELATED PARTY TRANSACTIONS

26.	2018 GH¢'000	2017 GH¢'000
Payable	**293,697**	205,979

This amount represents balances outstanding from the purchase of petroleum products and payments for landed property by Goenergy Company Limited which is wholly owned by Ghana Oil Company Limited.
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	**4,006**	3,381
Employer social security charges on emoluments	**372**	340
Provident Fund	**400**	338
	4,778	4,059

27. NUMBER OF ORDINARY SHARES IN ISSUE

Earning, Dividend per share are based on 391,863,128, (2017; 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 number of ordinary shares in issue during the year.

Profit attributable to equity holders	**81,947**	65,089
Number of ordinary shares ('000)	**391,863**	391,863
Basic earnings per share (Ghana cedis per share)	**0.209**	0.166

29. CONTINGENT LIABILITIES

Claims that could arise from pending suits against the company at the year-end amounted to GH 74,674,809.53 and USD$2,000,000.00 (2017; GH 5,114,809.53 and USD$2,000,000.00).

Claims that could arise from pending suits in favour of the company at the year-end amounted to USD$571,345.00 (2017; USD$571,345.00)

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	97,965,798	25.00
3	BULK OIL STORAGE AND TRANSPORT	78,372,626	20.00
4	TXT GROUP B. V.	18,928,300	4.83
5	SCBN/ELAC POLICY HOLDERS FUND	3,341,597	0.85
6	HOPEFIELD CAPITAL LIMITED	2,732,578	0.70
7	SCGN/EPACK INVESTMENT FUND LIMITED	2,299,500	0.59
8	MR. VICTOR KODJO V. K. DJANGMAH	785,375	0.20
9	SCBN/DATABANK BALANCE FUND LTD.	705,086	0.18
10	GES OCCUPATIONAL PENSION SCHEME	666,772	0.17
11	STD NOM/METLIFE CLASSIC FUND	590,732	0.15
12	HFCN/EDC GHANA BALANCED FUND LIMITED	559,460	0.14
13	P. A. K AKORLI	522,218	0.13
14	SCGN/ENTERPRISE PIER 2 OCCUPATIONAL	516,571	0.13
15	STD NOMS TVL PTY/ENTERPRISE TIER 3	516,251	0.13
16	SCGN/GH. MED. ASSOC. PENSION FUND	475,362	0.12
17	SIC GENERAL BUSINESS	472,215	0.12
18	MR. E. OFORI-SARKWA	419,257	0.11
19	SCGN/HSBC BK PLC RE MCKINLEY CPTL	365,900	0.09
20	MIHL/GOLD FUND UNIT TRUST	342,600	0.09
	TOTALS OF TWENTY LARGEST SHAREHOLDERS	**344,701,794**	**87.96**
	TOTALS OF OTHERS	**47,161,334**	**12.04**
	GRAND TOTALS	**391,863,128**	**100.00**

31. SHAREHOLDING DISTRIBUTION

Category	Numbers of Shareholding	Total Holding	Percentage Holding (%)
1 - 1,000	8,655	4,003,119	1.02
1,001 - 5,000	5,064	10,062,711	2.57
5,001 - 10,000	880	5,855,828	1.49
10,001 - 50,000	665	13,324,444	3.40
50,001 - 999,999,999	154	358,617,026	91.52
		391,863,128	**100.00**

32. DIRECTORS SHAREHOLDING

NAME	NUMBER OF SHARES	% OF ISSUED SHARES
Mr. Kwame Osei-Prempeh (Hon.)	12,000	0.0031
Mr. Stephen Abu Tengan	2,491	0.0006
Mr. Thomas Kofi Manu	33,078	0.0084
Mrs. Beatrix Agyeman Prempeh	1,500	0.0004
Mrs. Rhoderline Baafour-Gyimah	635	0.0002
Mr. Patrick Kwame Akorli	522,218	0.1333
	571,922	**0.1460**

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 Thursday, 23th May, 2019 at 11:00 a.m. and at any adjournment thereof.

1	In favour of * against	The Resolution to Receive the 2018 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
6	In favour of * against	The Resolution to change the company's name from Ghana Oil Company Limited to GOIL Company Limited.
7	In favour of * against	The Resolution to alter its Regulations to reflect the name change from Ghana Oil Company Limited to GOIL Company Limited.
8	In favour of * against	The Resolution to be the Local Content Partner of Exxon Mobil Exploration and Production Ghana (Deepwater) Limited through its wholly owned subsidiary, GOIL OFFSHORE COMPANY LIMITED, in its exploration activities in respect of Deepwater Cape Three Points Block (DWCTP) Offshore of the Republic of Ghana.

On any other business transacted at the meeting and unless otherwise instructed in Paragraphs 1 to 8 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.

______________________________ Signed this _______ day of ________________ 2019.

Signature of Shareholder

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

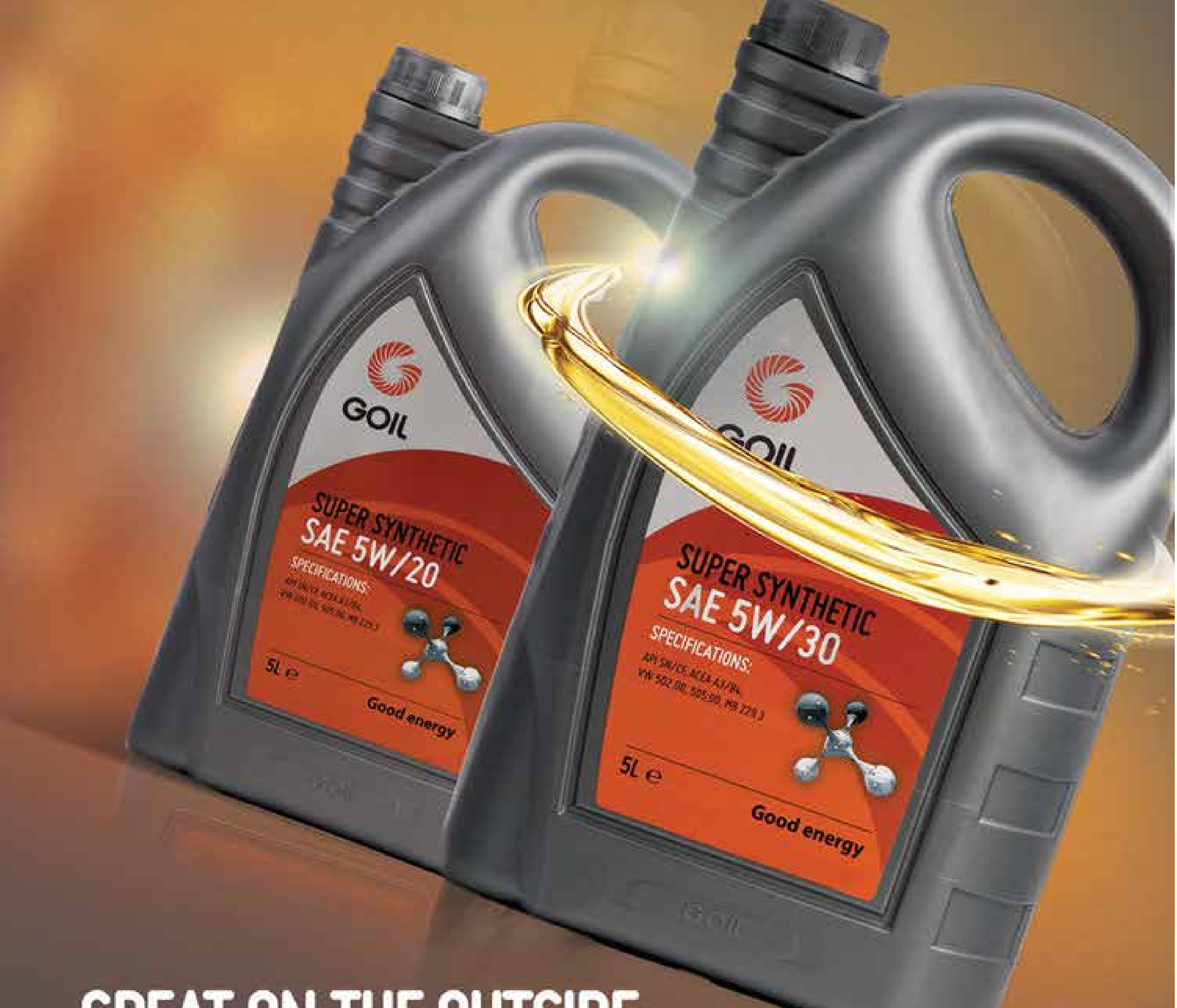
3. In case of joint holders, each joint holder must sign.

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, 20th May, 2019.

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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