

# Mobil<sup>®</sup>

## Annual Report 2002

**Mobil Oil Ghana Limited**



18/5 Common Size Analysis  
Asset - Express each component  
as a %age of Total Asset

Liab - Express each as  
a % of Total Liab.

P&L  
Express each component  
as a %age of Total Revenue



**Mobil Oil Ghana Limited**  
Annual Report and Accounts  
**2002**



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## Corporate Information

<b>Directors</b>	Olu Onakoya	(Chairman and Managing Director)
	Edward P. Larbi Gyampoh John Sackah-Addo Rexford Adomako-Bonsu Adekunle Olugbade Alli Thomas F. Walter Michael Francis Smyth John Bell Kerry Wark	(Appointed on 1 March 2003) (Retired on 1 March 2003)
<b>Secretary</b>	Yvette A. B. Dzeble	
<b>Solicitors</b>	Gyampoh & Co Solicitors Cedar House P.O. Box 5897 Accra	
<b>Registered Office</b>	Mobil House 25 Liberia Road P.O. Box 450 Accra	
<b>Registrars</b>	At 30th September 2002 Barclays Bank of Ghana Limited Head Office High Street P.O. Box 2949 Accra	
	Since 1st October 2002 Merchant Bank (Ghana) Limited 57 Examination Loop, North Ridge P.O. Box 401 Accra	
<b>Auditors</b>	PricewaterhouseCoopers Chartered Accountants Gulf House, 4 <sup>th</sup> Floor PMB CT42 Cantonments-Accra	
<b>Bankers</b>	Merchant Bank (Ghana) Limited Standard Chartered Bank Ghana Limited Barclays Bank of Ghana Limited Ghana Commercial Bank Limited Ecobank Ghana Limited SSB Bank Limited Agricultural Development Bank Limited	





## Chairman's Statement

It is my great pleasure to welcome all shareholders and invited guests to the twenty-seventh Annual General Meeting of Mobil Oil Ghana Limited and to present the 2002 Annual Report and Financial Statements to you.

### 2002 Results

The year 2002 was very challenging for your Company and indeed the entire oil industry in Ghana. Our margins remained regulated and unchanged in cedi terms, but actually declined when measured against the foreign exchange with which we procure key materials and spares to sustain the high safety and operating standards which define our image as Mobil. The cedi suffered an average devaluation of 14.4% against the US dollar in 2002 compared to the 4% in 2001. Interest rates and inflation remained high and continued to put pressure on our expenses throughout 2002. Regular supply of petroleum products was a challenge to the Tema Oil Refinery (TOR) for most of the year, but the commissioning of the new Residual Fluid Catalytic Cracking unit (RFCC) in November 2002 resulted in a slight improvement in the situation.

Despite the difficult supply situation in fuels, we were able to grow our volumes in the Retail segment by 5.3%, which is almost double the average industry growth of 2.7%. Our success was due to improved delivery efficiency from the rationalisation of our trucking fleet and stronger customer focus especially in our forecourts.

We therefore retained our leadership of the Retail sector and are particularly pleased in that this achievement was made despite the closure of three of our prime stations in Accra/Tema in the 4<sup>th</sup> Quarter of 2002 for significant upgrades and withdrawal from three minor segments for safety reasons following a business risk assessment.

We also maintained our position as the market leader in lubricants with volume growth of 4.4% over 2001 versus 4.2% for the industry. Our lubricants promotion program was an outstanding success as it rewarded our loyal customers and reinforced our unmatched brand position.

As we took steps to build customer confidence and grow volumes, we also carried out a detailed review of our books to be sure they were consistently clean and in compliance with Corporate and Statutory standards. This is a major responsibility we owe you as our shareholders. We collected a significant amount of old debts but also took the difficult but necessary decision to make provisions and write off some as appropriate. We continue to make aggressive efforts to collect old debts even when they have been provided for or written off.

In order to ensure that these mistakes of the past are not repeated, your Board adopted a new Credit Policy to align the Company fully with ExxonMobil standards. Key emphasis is placed on disciplined credit assessment, discretionary customer selection and strong focus on collections. As we move forward, you can remain confident that this major aspect of our business continues to engage the close attention of the Board of

In spite of our strong volume performance, the extremely low unit margins for fuels and the impact of increased devaluation, interest rates and overall inflation on operating expenses combined to reduce our net profit after tax by 9 % from €13.7 billion in 2001 to €12.4 billion in 2002.

### **Outlook for 2003**

In my statement to you in June 2002, I emphasised the urgent need for Government to improve fuels margins as a means of addressing supply shortages and stimulating investments in the oil sector. I also mentioned our strategy to upgrade our Retail network by developing new sites and maximising returns from existing assets.

On margins, I am pleased to inform you that tremendous progress has been made. In January 2003, fuels prices and margins were increased significantly. Although Ghana still has the lowest margins in West Africa, we are encouraged by Government's readiness to face the difficult challenges of fuels supply shortages and payment of the TOR debt. We welcome the establishment of the National Petroleum Tender Board to oversee the independent pricing of petroleum products.

We are obviously optimistic about the positive impact the increased margins will have on our business outlook in 2003. But even higher is our optimism about the sustainable earnings and profitability that will come from the Retail investments in fulfilment of our strategy I mentioned earlier. We will invest about US\$5million to upgrade and open four sites in 2003; Legon and 37 Military Hospital in Accra, Sakumono in Tema and Manhyia in Kumasi. The objective is to bring world class food service into our key sites and create a new and pleasurable experience in our stations, making them destinations of choice for our customers. Our Retail investment will strengthen our pacesetter position in the Ghanaian market and is further confirmation of the confidence of ExxonMobil in the economy of the country.

On lubricants, we will consolidate the gains from our 2002 initiative to be the export hub for ExxonMobil affiliates in the West Africa Cluster.

### **Dividends**

Consistent with the commitment of the Board to providing shareholders with a return on their investments and in spite of a fall in our company's profits for the year 2002, it is the Board's pleasure to recommend to shareholders a final dividend of €2,550 per share before tax. This proposed dividend represents an increase of €14 over the amount of €2,536 paid in 2001.

### **Safety, health and environment**

We continued with our emphasis on safety as a business priority, which overrides all other considerations. We strongly believe that no business should be done if it cannot be done consistently safely. We conducted safety risk assessments on all aspects of our business in 2002 and decided to withdraw from three segments due to safety gaps that could not be closed to our satisfaction.

We rationalised our list of Contractors and Transporters to numbers that could be effectively trained and equipped to enhance safety in our operations. An



environmentally friendly solution was found for the collection and disposal of waste oils.

Our employees' safety program focused on Defensive Driving training and HIV/AIDS awareness. This program will be extended to employees' spouses and children in 2003.

We received a high rating after a safety audit carried out by one of our external customers who has safety standards of the same high level as our company.

Unfortunately in spite of our best efforts we recorded two third party fatalities, one at a construction site and the other in a delivery truck accident.

### **People**

Our employees continue to be our most valuable assets in delivering our corporate goals in spite of the difficult environment we operate in. Please join me in expressing the appreciation of the Board to our employees for their contributions.

Through our Employee Recognition Programme we recognised several employees for going that extra mile in the performance of their duties. Our training for the year focused on Safety and Controls.

### **The Board**

Mr. Kerry Raymond Wark retired from ExxonMobil and from the Board on 1 March 2003 and was replaced on the Board by Mr. John Bell on the same day. The Board takes this opportunity to thank Mr Kerry Wark for his support and contributions to the operations of the company and to recommend Mr. Bell to the shareholders for election to the Board.

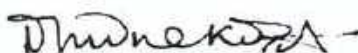
Mr. Edward Patrick Larbi Gyampoh and Mr. Michael F. Smyth, due to retire by rotation at this meeting, have expressed their willingness to be re-elected as Directors. We therefore recommend them for re-election as Directors of the Company.

### **Conclusion**

Our company remains strong and well positioned to face the difficulties of our immediate business environment and the global challenges of today. Our employees continue to utilize their talent in developing and executing creative marketing and investment programs to assure unmatched service to our customers and sustainable growth and profitability for our shareholders.

The Board remains committed to providing exemplary leadership to your Company and will sustain its focus on safety and controls as a means of delivering value on your investments in 2003 and beyond.

Thank you.



**Olu Onakoya**

## Notice Of Meeting

Notice is hereby given that the twenty-seventh Annual General Meeting of Shareholders of Mobil Oil Ghana Limited will be held at the National Theatre, Liberia Road, Accra, on Friday, the 20th day of June 2003 at 11 O'clock in the forenoon.

### Agenda

1. To receive and consider the Reports of the Directors and Auditors and the Financial Statements of the Company for the year ended December 31, 2002.
2. To declare Dividend
3. To elect a Director
4. To re-elect Directors
5. To fix the remuneration of the Directors
6. To authorize the Directors to fix the remuneration of the Auditors

A member of the Company entitled to attend and vote may appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. Completed Proxy forms should be deposited at the Registered Office, P.O. Box 450, Accra not less than 48 hours before the appointed time of the meeting. Failure to submit forms before the 48 hour deadline will result in the Proxy not being admitted to, or participating in the meeting.

A form of Proxy is provided on page 26 of the Annual Report.

Dated the 21<sup>st</sup> day of March 2003

BY ORDER OF THE BOARD



Yvette A.B. Dzeble  
Secretary

Registered Office:

Mobil House 25 Liberia Road  
P.O. Box 450  
Accra.



## Report Of The Directors

The Directors submit their report together with the audited financial statements of the company for the year ended 31st December 2002.

### Statement of Directors' responsibilities

The Directors are responsible for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss and cash flows for that period. In preparing these financial statements, the Directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed Ghana Accounting Standards.

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

### Nature of business

The principal activities of the Company are the marketing of refined petroleum products, lubricants, household and industrial chemicals.

### Parent Company

The Company is a subsidiary of Mobil Holdings (UK) Limited, a Company incorporated in the State of Delaware in the United States of America.

### Financial results

The financial results of the Company are set out below:

	2002 ¢'million	2001 ¢'million
Profit for the year ended 31 December 2002 before tax is	16,844	18,662
from which is deducted tax of	(4,421)	(4,968)
giving a profit for the year after tax of	12,423	13,694
to which is added the balance brought forward on Income Surplus Account of	59,798	56,375
and from which is deducted a dividend proposed of	(10,328)	(10,271)
giving a balance carried forward on income surplus account of	61,893	59,798

## Report Of The Directors continued

### Dividend

The Directors recommend the payment of a dividend of ¢2,550 per share amounting to ¢ 10,328 million.


### Directors

The names of the present Directors and those that served during the year are listed on page 1.

### Auditors

The Auditors, PricewaterhouseCoopers, will continue in office in accordance with Section 134(5) of the Ghana Companies Code, 1963 (Act 179).

### BY ORDER OF THE BOARD:

Director: 

Director: 

29th May, 2003

## Corporate Governance

Mobil Oil Ghana Limited recognises the importance of good corporate governance to sustain the long term viability of the business and the Board and management of the company is strongly committed to the attainment of its business objectives.

In line with the framework and vision and mission statements, there are basic guidelines and a system of management controls which ensures that business is conducted in accordance with management directives.

Also, the business adopts standard accounting practices and ensures sound internal controls to facilitate transparency of business transactions and reliability of financial statements.

### Board of Directors

The Company has eight Directors, five of whom are non-executives. The Board meets quarterly, and if necessary, meetings can be arranged to discuss/review the company's operations. The non-executive Directors are people including three Ghanaian citizens of high integrity and wide business exposure, which complements the Company's objective of having people with independent but objective ideas on deliberations in the decision making process.

Also, they have unrestricted access to the company's records and information. Non-executive directors derive no benefits other than the fees approved for them by the Board.

### Internal Control

The Company has over the years evolved a system of management control to ensure effective, efficient and proper utilisation of its resources in pursuit of corporate objectives with due regard to shareholders and public interest.

The Company's overall internal control system is enhanced by written policies and procedures, formalised reporting responsibilities, written descriptions of authority, responsibilities, well articulated training programs, seminars and well defined information dissemination systems.

As part of its responsibility for the exercise of control, management requires the maintenance of financial records which fairly reflect the assets and liabilities of the Company. The integrity and objectivity of the accounting records are supported by a system of internal accounting controls. This includes procedures and techniques designed to provide reasonable assurance that transactions are duly authorised, properly recorded, assets are safeguarded and there is periodic physical inventory of assets which is verified against accounting and custodial records. This gives further assurance that accounting records are in conformity with generally accepted accounting principles and auditing standards.

### Code of business ethics

Mobil Oil Ghana Limited has clearly communicated ExxonMobil Corporations' ethics policy, which is to ensure the strict observance of all laws applicable to its business. Even where the law is permissive, the Company chooses the course of the highest integrity.

All the Directors, employees, customers and suppliers have been properly taken through the policy and employees are encouraged to report suspected violations of law or the company's policies to management. The company expects compliance with the standards of integrity throughout the organisation and will not tolerate any violation of laws.



## Corporate Governance continued

### **Safety, Health and Environment**

Mobil Oil Ghana Limited is committed to protecting the safety and health of its employees, contractors, the communities where we operate and the environment. The Company continually re-evaluates its operations and products based on scientific, economic and technical analyses that include consideration of costs, benefits and risk management.

We believe that our operations involve high risks which should be properly managed. To achieve this, we have adopted and implemented the ExxonMobil Operations Integrity Management System (OIMS), which provides a framework for meeting our commitments to the highest operational standards. This system requires ongoing evaluation and improvement of management systems and standards.

## Report Of The Auditors to the members of Mobil Oil Ghana Limited

We have audited the financial statements set out on pages 11 to 21. 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.

### Respective responsibilities of directors and auditors

As stated on page 6, the directors are responsible for the preparation of the financial statements. Our responsibility is to express an independent opinion on those financial statements based on our audit.

### Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

### Opinion

In our opinion proper books of account have been kept and the financial statements which are in agreement therewith give a true and fair view of the state of affairs of the Company at 31 December 2002 and of its profit and cash flows for the year then ended in accordance with Ghana Accounting Standards and comply with the Ghana Companies Code, 1963 (Act 179).



Chartered Accountants

29th May, 2003

## Profit And Loss Account for the year ended 31 December 2002

(All amounts are expressed in millions of cedis)

	Notes	2002	2001
Turnover		<b>1,015,356</b>	941,505
Cost of sales		<b>(934,086)</b>	(874,375)
<b>Gross profit</b>		<b>81,270</b>	67,130
Selling, general and administrative expenses	1	<b>(75,991)</b>	(55,121)
<b>Operating profit</b>		<b>5,279</b>	12,009
Other income	2	<b>12,612</b>	8,681
<b>Profit before financial charges</b>		<b>17,891</b>	20,690
Finance charges	18	<b>(1,047)</b>	(2,028)
<b>Profit before tax</b>		<b>16,844</b>	18,662
Tax	3(d)	<b>(4,421)</b>	(4,968)
<b>Profit after tax</b>		<b>12,423</b>	13,694

## Income Surplus Account for the year ended 31 December 2002

Balance at 1 January		<b>59,798</b>	56,375
Profit for the year		<b>12,423</b>	13,694
		<b>72,221</b>	70,069
Dividend payable	4	<b>(10,328)</b>	(10,271)
<b>Balance at 31 December</b>		<b>61,893</b>	59,798
Earnings per share (cedis per share)	16	<b>3,067.41</b>	3,381.23
Dividend per share (cedis per share)	16	<b>2,550.00</b>	2,536.00

The accounting policies and notes on pages 14 to 21 form an integral part of these financial Statements.

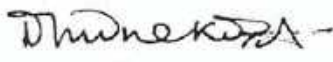


## Balance Sheet as at 31 December 2002

(All amounts are expressed in millions of cedis)

	Notes	2002	2001
<b>Non-current assets</b>			
Intangible asset	5(d)	365	-
Property, plant and equipment	5(a)	63,518	38,502
Investments at cost	6	554	554
<b>Current assets</b>			
Inventories	7	27,615	29,294
Amounts due from group companies	17(a)	4,895	14,195
Accounts receivable	8	66,016	70,164
Tax	3	2,616	2,641
Cash and bank balances	15	11,942	2,934
		<u>113,084</u>	<u>119,228</u>
<b>Current liabilities</b>			
Accounts payable	10	60,986	49,300
Amounts due to group companies	17(b)	35,567	30,579
Dividend payable	4	10,328	10,271
Tax	3(c)	41	-
Bank overdraft	9	8,086	7,248
		<u>115,008</u>	<u>97,398</u>
<b>Net current (liabilities) / assets</b>		<u>(1,924)</u>	<u>21,830</u>
<b>Non-current liabilities</b>			
Deferred tax	11	(223)	(691)
<b>Net assets</b>		<u>62,290</u>	<u>60,195</u>
<b>Capital and surplus accounts</b>			
Stated capital	12	331	331
Capital surplus account	13	66	66
Income surplus account		61,893	59,798
<b>Shareholders' funds</b>		<u>62,290</u>	<u>60,195</u>
Net assets per share (cedis per share)	16	<u>15,380.25</u>	<u>14,862.96</u>

The financial statements on pages 11 to 21 were approved by the Board of Directors on 21st March 2003 and signed on its behalf by:

Director: 

Director: 

The accounting policies and notes on pages 14 to 21 form an integral part of these financial Statements.

## Cash Flow Statement for the year ended 31 December 2002

(All amounts are expressed in millions of cedis)

Cash flows from operating activities	Notes	2002	2001
Cash generated from/(used in) operations	14	47,850	(12,110)
Interest received		5,097	2,113
Interest paid	18	(1,047)	(2,028)
Tax paid	3	(4,823)	(8,613)
<b>Net cash generated from/(used in) operating activities</b>		<b>47,077</b>	<b>(20,638)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5(a)	(29,297)	(13,551)
Proceeds from sale of property, plant and equipment	5(c)	661	810
<b>Net cash used in investing activities</b>		<b>(28,636)</b>	<b>(12,741)</b>
<b>Cash flow from financing activities</b>			
Dividend paid to shareholders	4	(10,271)	(6,318)
<b>Net cash used in financing activities</b>		<b>(10,271)</b>	<b>(6,318)</b>
Increase/(decrease) in cash and cash equivalents		8,170	(39,697)
Cash and cash equivalents at beginning of the year		(4,314)	35,383
<b>Cash and cash equivalents at end of the year</b>	15	<b>3,856</b>	<b>(4,314)</b>

The accounting policies and notes on pages 14 to 21 form an integral part of these financial Statements.

## Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

**(a) Basis of preparation**

The financial statements are prepared in accordance with and comply with Ghana Accounting Standards. They are prepared under the historical cost convention as modified by the revaluation of leasehold properties.

**(b) Property, plant and equipment**

Leasehold properties are shown at fair value. All other property, plant and equipment is stated at historical cost less depreciation. Additions during the year are included at cost.

Depreciation is calculated on the straight-line method to write off the cost of each asset, or the revalued amount, to its residual value over its estimated useful life as follows:

Leasehold properties	50 years
Distribution and service station plants	10 - 20 years
Furniture, equipment and motor vehicles	5 - 20 years

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in operating profit. On disposal of revalued assets, the revaluation amounts are transferred to retained earnings.

**(c) Investments**

Investments intended to be held for an indefinite period of time are stated at cost.

**(d) Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost includes all direct expenditure incurred in bringing the goods to their current state under normal operating conditions. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

**(e) Trade receivables**

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

**(f) Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts.

**(g) Deferred income taxes**

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. Currently enacted tax rates are used to determine deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.



## Accounting Policies *continued*

**(h) Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

**(i) Revenue recognition**

Sales represent the value of products invoiced to customers during the year, net of Value Added Tax and trade discounts. Sales are recognised upon delivery of products and customer acceptance.

**(j) Foreign currencies**

Foreign currency transactions are translated into cedis at the exchange rate prevailing on the date of the transactions; gains and losses resulting from the settlement of such transactions, are recognised in the profit and loss account.

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into cedis at rates of exchange ruling on the date. Resulting exchange differences are brought to account in determining the profit and loss for the year.

**(k) Intangible assets**

Intangible assets are stated at historical cost less depreciation.

Depreciation is calculated on the straight-line method to write-off the cost of the intangible assets over 10 years.

## Notes To The Financial Statements

(All amounts in the notes are shown in millions of cedis unless otherwise stated)

1. <b>Selling, general and administrative expenses</b>	2002	2001		
Selling, general and administrative expenses include:				
Emoluments of Directors:				
• Fees	24	20		
• Remuneration	3,413	2,374		
Auditors' remuneration	101	91		
Depreciation	3,441	2,482		
Donations	42	354		
Net exchange loss / (gain)	<u>2,074</u>	<u>(1,032)</u>		
2. <b>Other income</b>				
Rent	5,394	4,596		
Interest income	5,097	2,113		
Profit on disposal of property, plant and equipment	186	693		
Sundry income	<u>1,935</u>	<u>1,279</u>		
	<u>12,612</u>	<u>8,681</u>		
3. <b>Tax</b>				
	Balance 1/1/02	Payments during the year	Charge for the year	Balance 31/12/02
(a) <b>Current tax</b>				
Prior to 2001	(395)	-	-	(395)
2001	(2,082)	-	-	(2,082)
2002	-	(1,059)	4,468	<u>3,409</u>
	(2,477)	(1,059)	4,468	932
(b) <b>Withholding tax</b>	-	(3,548)	-	<u>(3,548)</u>
	(2,477)	(4,607)	4,468	<u>(2,616)</u>
(c) <b>National reconstruction levy</b>	(164)	(216)	421	<u>41</u>
	<u>(2,641)</u>	<u>(4,823)</u>	<u>4,889</u>	<u>(2,575)</u>
(d) The tax charge in the profit and loss account comprises:		2002	2001	
Current tax		4,468	4,156	
National reconstruction levy		421	455	
Deferred tax (credit)/charge		<u>(468)</u>	<u>357</u>	
		<u>4,421</u>	<u>4,968</u>	

## Notes To The Financial Statements *continued*

(All amounts in the notes are shown in millions of cedis unless otherwise stated)

4. Dividend payable (Gross)	2002	2001
Unpaid at 1 January	10,271	6,318
Payment during the year	(10,271)	(6,318)
Dividend proposed	10,328	10,271
	<u>10,328</u>	<u>10,271</u>

Payments of dividend are subject to deduction of 10% withholding tax.

### 5. Property, plant and equipment

(a) Cost	Leasehold properties	Distribution and service station plants	Furniture, equipment and motor vehicles	Capital work in progress	Total
At 1 January 2002	2,865	17,285	19,581	9,868	49,599
Additions	-	-	-	29,297	29,297
Disposals	(71)	(292)	(632)	-	(995)
Transfers	1,127	7,331	2,145	(10,977)	(374)
At 31 December 2002	<u>3,921</u>	<u>24,324</u>	<u>21,094</u>	<u>28,188</u>	<u>77,527</u>
<i>Comprising:</i>					
Cost of assets revalued	2	-	-	-	2
Surplus arising on revaluation	66	-	-	-	66
At revaluation	68	-	-	-	68
At cost	<u>3,853</u>	<u>24,324</u>	<u>21,094</u>	<u>28,188</u>	<u>77,459</u>
	<u>3,921</u>	<u>24,324</u>	<u>21,094</u>	<u>28,188</u>	<u>77,527</u>
<b>Depreciation</b>					
At 1 January 2002	976	3,688	6,433	-	11,097
Charge for the year	118	1,250	2,064	-	3,432
Release on disposals	(68)	(131)	(321)	-	(520)
At 31 December 2002	<u>1,026</u>	<u>4,807</u>	<u>8,176</u>	<u>-</u>	<u>14,009</u>
<b>Net book value at</b>					
<b>31 December 2002</b>	<u>2,895</u>	<u>19,517</u>	<u>12,918</u>	<u>28,188</u>	<u>63,518</u>
31 December 2001	<u>1,889</u>	<u>13,597</u>	<u>13,148</u>	<u>9,868</u>	<u>38,502</u>

Certain leasehold properties were revalued in September and October 1983 by Mr. Humphrey M Adams, Valuation Surveyor and Estate Development Consultant at replacement cost. All other assets are stated at cost.



## Notes To The Financial Statements continued

(All amounts in the notes are shown in millions of cedis unless otherwise stated)

### 5. Property, plant and equipment (continued)

(b) If leasehold properties were stated at historical cost, the net book value would be as follows:

	2002	2001
Cost	3,855	2,799
Accumulated depreciation	<u>1,030</u>	<u>953</u>
Net book value	<u>2,825</u>	<u>1,846</u>

### (c) Profit on disposal of property, plant and equipment

Gross book value	995	419
Accumulated depreciation	<u>(520)</u>	<u>(302)</u>
Net book value	475	117
Proceeds	<u>(661)</u>	<u>(810)</u>
Profit on disposal	<u>(186)</u>	<u>(693)</u>

### (d) Intangible asset

Addition	<u>374</u>	-
Balance at 31 December	<u>374</u>	-

#### Amortisation

Charge for the year	<u>9</u>	-
Balance at 31 December	<u>9</u>	-
Net book value	<u>365</u>	-

The intangible asset arose as a result of dealer buy outs in 2002.

### 6. Investments at cost

Ghana Bunkering Services Limited	-	-
Petroleum Road Transport Safety Limited	<u>554</u>	<u>554</u>
	<u>554</u>	<u>554</u>

#### Ghana Bunkering Services Limited

The investment in Ghana Bunkering Services Limited represents shares, held by the company, conferring the right to exercise 30% of the votes exercisable at general meetings. Ghana Bunkering Services Limited is a company incorporated under the laws of Ghana to provide bunkering services to petroleum marketers in the country.

The cost of investment is stated in the books at ₵360 which by reason of it being less than ₵1 million is shown on the balance sheet as nil.

## Notes To The Financial Statements *continued*

(All amounts in the notes are shown in millions of cedis unless otherwise stated)

### 6. Investments at cost (continued)

#### **Petroleum Road Transport Safety Limited (PRTSL)**

The company has a 50% interest in PRTSL, a company incorporated in September 1999 under the laws of Ghana. Its principal business is to provide driver education and maintenance services for the haulage of petroleum products.

	2002	2001
<b>7. Inventories</b>		
Oil products	<b>22,023</b>	21,894
Materials and supplies	<b>5,371</b>	7,349
Miscellaneous merchandise	<b>221</b>	51
	<b><u>27,615</u></b>	<b><u>29,294</u></b>
<b>8. Accounts receivable</b>		
Trade receivables	<b>56,046</b>	55,855
Other receivables	<b>5,824</b>	8,919
	<b>61,870</b>	64,774
Provision for doubtful debts	<b><u>(1,672)</u></b>	-
	<b>60,198</b>	64,774
Amount due from employees	<b>3,269</b>	2,726
Prepaid expenses	<b>2,549</b>	2,664
	<b><u>66,016</u></b>	<b><u>70,164</u></b>

Advances to staff during the year did not exceed **¢3,319 million** (2001: ¢ 2,644 million).

### 9. Bank overdrafts

The company has the following unsecured overdraft facilities with the following banks:

#### **Barclays Bank of Ghana Limited**

An amount not exceeding ¢5 billion and documentary credit of US\$1 million.

#### **Ecobank Ghana Limited**

An amount not exceeding ¢5 billion.

#### **Standard Chartered Bank Ghana Limited**

An amount not exceeding ¢5 billion.

<b>10. Accounts payable</b>	<b>2002</b>	<b>2001</b>
Trade accounts payable	<b>27,566</b>	20,921
Sundry accounts payable	<b>24,471</b>	24,026
Accruals	<b>8,949</b>	4,353
	<b><u>60,986</u></b>	<b><u>49,300</u></b>

## Notes To The Financial Statements continued

(All amounts in the notes are shown in millions of cedis unless otherwise stated)

<b>11. Deferred tax</b>	<b>2002</b>	<b>2001</b>
Exchange difference - asset	(1,251)	(215)
Fixed assets - liability	<u>1,474</u>	<u>906</u>
	<b><u>223</u></b>	<b><u>691</u></b>

<b>12. Stated capital</b>	<b>2002</b>	<b>2001</b>
	<b>No. Of Shares</b>	<b>No. Of shares</b>
	<b>Proceeds</b>	<b>Proceeds</b>
Authorized ordinary shares of no par value	<u>50,000,000</u>	<u>50,000,000</u>
Issued for cash	610,000	610,000
Consideration other than cash	810,000	810,000
Transfer from income surplus account	<u>2,630,000</u>	<u>2,630,000</u>
	<b><u>4,050,000</u></b>	<b><u>4,050,000</u></b>
	<b>331</b>	<b>331</b>

There is no unpaid liability on any shares and there are no calls or instalments unpaid. There are no treasury shares.

### 13. Capital surplus account

This arose as a result of the revaluation of the company's leasehold properties in 1983.

<b>14. Cash generated from operations</b>	<b>Notes</b>	<b>2002</b>	<b>2001</b>
Profit before tax		16,844	18,662
Depreciation	5(a)&(d)	3,441	2,482
Profit on disposal of property, plant and equipment	5(c)	(186)	(693)
Decrease/(increase) in inventories		1,679	(2,717)
Decrease/(increase) in amounts due from group companies		9,300	(14,195)
Decrease/(increase) in accounts receivable		4,148	(12,532)
Increase/(decrease) in accounts payable		11,686	(9,794)
Increase in amounts due to group companies		4,988	6,762
Interest paid		1,047	2,028
Interest received		<u>(5,097)</u>	<u>(2,113)</u>
<b>Cash generated from/(used in) operations</b>		<b><u>47,850</u></b>	<b><u>(12,110)</u></b>

### 15. Cash and cash equivalents

For the purposes of the cash flow statement, the year end cash and cash equivalents comprise:

Cash and bank balances	11,942	2,934
Bank overdrafts	<u>(8,086)</u>	<u>(7,248)</u>
	<b><u>3,856</u></b>	<b><u>(4,314)</u></b>



## Notes To The Financial Statements continued

(All amounts in the notes are shown in millions of cedis unless otherwise stated)

### 16. Number of shares in issue

Earnings per share, dividend per share and net assets per share are based on **4,050,000** (2001:4,050,000) shares in issue during the year.

### 17. Inter-company balances

Outstanding balances arising from the purchase of goods/services and other inter-company transactions are as follows:

	2002	2001
(a) Amounts due from group companies		
ExxonMobil Corporation	<u>4,895</u>	<u>14,195</u>
(b) Amounts due to group companies		
ExxonMobil Corporation	<u>35,567</u>	<u>30,579</u>

Inter-company transactions arise primarily from purchase of lubricants and service charges.

### 18. Finance charges

Finance charges comprise interest paid on bank overdrafts.

### 19. Capital commitments

The company's authorised and / or contracted capital commitments for property, plant and equipment at the balance sheet date which have not been recognised in the financial statements are as follows:

	2002	2001
Authorised but not contracted	<u>3,908</u>	-
Contracted	<u>11,786</u>	-
	<u>15,694</u>	-

### 20. Contingent liabilities

**Legal proceedings:** There were thirteen legal proceedings outstanding against the company at 31 December 2002.

The quantified contingent liabilities arising out of seven of these legal proceedings are as follows:

	2002	2001
Legal proceedings	<u>111</u>	<u>154</u>

The liabilities for the remaining six legal proceedings cannot be assessed as unspecified amounts of damages are being asked for by the third parties.

### 21. Post balance sheet events

There are no post balance sheet events, which could have had a material effect on the state of affairs of the company as at 31 December 2002 and on the profit for the period to that date, which have not been adequately provided for.

### 22. Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

## Appendix

### 1. Directors' share holdings

Name	Shares	Percentage
Edward Patrick Larbi Gyampoh	2,250	0.06
Rexford Adomako-Bonsu	<u>880</u>	<u>0.02</u>
	<u>3,130</u>	<u>0.08</u>

### 2. Number of shareholders

Holdings	Number of Holders	Total Holders	% Holding
1 - 1,000	3,757	765,135	18.89
1,001 - 5,000	115	188,732	4.66
5,001 - 10,000	9	54,148	1.34
10,001 and over	<u>14</u>	<u>3,041,985</u>	<u>75.11</u>
	<u>3,895</u>	<u>4,050,000</u>	<u>100.00</u>

### 3. List of the 20 largest shareholders at 31 December 2002

Name of shareholder	Shares held	%
Mobil Holdings (U.K.) Limited	2,430,000	60.00
Social Security & National Insurance Trust	313,237	7.73
Development Finance & Holdings Limited	66,757	1.65
Mobil Oil Ghana Limited Employees Share Participation Trust	40,500	1.00
Augustus & Dorothy T. Kwabi	29,379	0.73
National Trust Holdings Company Limited	25,489	0.63
Epack Investment Fund Limited	22,353	0.55
Joseph Adjebu Blankson	21,642	0.53
Barclays Bank of Ghana Nominees/Unilever Ghana Managers Pension Fund	19,882	0.49
Afrigha Technical & Mechanical Construction	19,785	0.49
Barclays Bank of Ghana Nominees/Unilever Ghana Provident Fund	17,681	0.44
Retco Company Limited	12,390	0.31
SSNIT S.O.S Accounts	10,859	0.27
SAS Nominees 3	8,559	0.21
Barclays Bank of Ghana Nominees/SSB Pimco MMD Tax Man. Mkt. Fund	6,774	0.17
Sarfo-Nyame Emmanuel Ntiri	6,732	0.17
Emmanuel Edmund Sackey	6,375	0.16
Kate Akua Otoo	6,375	0.16
Paul Christian Norteye Adumua	6,375	0.16
Francis Kojo Poku	<u>5,775</u>	<u>0.14</u>
	<u>3,076,919</u>	<u>75.99</u>

## Appendix continued

### 4. Exchange control

All remittances from Ghana are subject to the approval of the exchange control authorities.

### 5. Five year financial highlights

	2002	2001	2000	1999	1998
Turnover (¢ million)	1,015,356	941,505	674,250	400,113	325,278
Profit before interest/exchange loss (¢ million)	19,965	19,658	37,980	30,212	20,574
Interest expense (¢ million)	(1,047)	(2,028)	(350)	(158)	(1,767)
Gain (loss) on exchange (¢ million)	(2,074)	1,032	49	185	(52)
Profit before taxation (¢ million)	16,844	18,662	37,679	30,239	18,755
Taxation (¢ million)	(4,421)	(4,968)	(10,473)	(10,046)	(5,729)
Profit after taxation (¢ million)	12,423	13,694	27,206	20,193	13,026
Earnings per share (¢)	3,067.41	3,381.23	6,717.53	4,985.93	3,216
Dividends per share (¢)	2,550	2,536	2,500	1,820	1,173
Shareholders equity (¢ million)	62,290	60,195	56,772	39,691	26,869
Authorised number of shares (million)	50	50	50	50	50
Fixed assets net book value (¢ million)	63,518	38,502	27,550	22,203	19,365
Net assets per share (¢)	15,380.25	14,862.96	14,017.78	9,800	6,634
Number of shares issued and fully paid for	4,050,000	4,050,000	4,050,000	4,050,000	4,050,000



## Management Team & Marketing Staff

### Head Office:

Mobil House  
25 Liberia Road  
P.O. Box 450, Accra  
Telephone: 66 49 21 - 4  
Facsimile: 66 49 25

Olu Onakoya  
Adekunle Alli  
Michael F. Smyth  
Paul K. Sarpong  
Yvette Dzeble

Chairman & Lead Country Manager  
Controller  
Lubes Manager  
Customer Services & Logistics Manager  
Human Resources & Legal Manager

### Branch Offices:

Area Office - North  
Asokwa Industrial Area  
P.O. Box 847  
Kumasi  
Telephone: 051 25 301  
Residence: 051 23 791

Barbara Easmon  
Sarpong Kumankumah

Territory Manager  
Territory Manager

### Other Area Staff:

Obuasi  
Bibiani

Edmund Essah  
Christopher K. Safo

Lubrication Engineer (Mines)  
Sales Engineer (Mines) North

### Head Office Staff:

Mobil House  
25 Liberia Road  
P. O. Box 450, Accra  
Telephone: 66 49 21 - 4  
Facsimile: 66 49 25

Samuel Amoah  
Akwasi Acheampong  
Kwabena Sasu  
Albert Nyakotey  
Ellen Kwafo-Akoto  
Maxwell Agyire-Tettey  
Kwame Addo-Okyere  
Nana Asamoah-Manu  
Emmanuel Nortey  
Dora Acquah  
Peter Asante

Retail Manager  
Manager, CVL Industrial  
Technical Service Manager  
I & W Manager  
Territory Manager, Accra Central  
Territory Manager, Accra East  
Mobil/Innscor Alliance Co-ordinator  
Distributor Co-ordinator  
Sales Engineer - Tema/Marine  
Sales Engineer - Accra/Kumasi  
Retail Lubes Manager

## Management Team & Marketing Staff continued

### Western Territory

#### Takoradi

P.O. Box 395, Takoradi	Paa Kwesi Ackon	Territory Manager
Telephone: 031 23 338		
Residence: 031 46 868		
Facsimile: 031 24 815		

#### Tarkwa

Telephone: 0362 461	Joseph Quansah	Sales Engineer
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### Mobil Warehouse

#### Tema

Tema Industrial Area	John A. Foley	Warehouse & Distribution Supervisor
P. O. Box 450, Accra		
Telephone: 022 20 24 44/5		

**PROXY FORM FOR USE AT ANNUAL GENERAL MEETING TO BE HELD AT THE NATIONAL THEATRE, LIBERIA ROAD, ACCRA ON FRIDAY THE 20TH DAY OF JUNE 2003 11.00 O'CLOCK IN THE FORENOON.**

I/We, .....being member(s)

of MOBIL OIL GHANA LIMITED, hereby appoint .....  
or failing him/her OLU ONAKOYA as my/our Proxy to vote for me/us, and on my/our behalf at the Annual General Meeting of the Company to be held on June 20, 2003 and at any and every adjournment thereof.

This form to be used:-

1.	* in favour of	the Resolution to declare dividends as recommended by the Directors.
	Against	
2.	* in favour of	the Resolution to elect Mr. J. A. C. Bell Director of the Company.
	Against	
3.	* in favour of	the Resolution to re-elect Mr. E. P. L. Gyampoh Director of the Company.
	Against	
4.	* in favour of	the Resolution to re-elect Mr. Michael F. Smyth Director of the Company.
	Against	
5.	* in favour of	the Resolution to fix the remuneration of the Directors.
	Against	
6.	* in favour of	the Resolution to authorize the Directors to fix the Remuneration of Auditors.
	Against	

On any business transacted at the meeting and unless otherwise instructed in paragraphs 1 to 6 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 \_\_\_\_\_ 2003

.....  
Signature of Shareholder

THIS PROXY FORM SHOULD BE COMPLETED AND SENT TO THE SECRETARY IF THE SHAREHOLDER WILL **NOT** 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 to exercise your vote if you cannot personally attend.
2. Provision has been made on the form for MR. OLU ONAKOYA, 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 MR. OLU ONAKOYA.
3. In the 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 overleaf not later than 4.00 pm on Wednesday June 18, 2003.
6. The Proxy must produce the Admission Card with the notice of the Meeting to obtain entrance to the meeting.



FIRST FOLD HERE

SECOND FOLD HERE

Please  
affix  
stamp

**The Secretary  
Mobil Oil Ghana Limited  
Mobil House  
P. O. Box 450  
Accra**

THIRD FOLD HERE

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