

Annual Report 2009

Shell Ghana Limited



OUR VISION

To be a leading oil products marketer in Ghana, in terms of value delivered to customers, shareholders and employees, in a safe and environmentally responsible way.



Shell Ghana Limited

**Annual Report &
Financial Statements
2009**

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Notice of Meeting

Notice is hereby given that the eighteenth Annual General Meeting of Shareholders of Shell Ghana Limited will be held at the Auditorium of the Ghana College of Physicians and Surgeons, North Ridge, Accra on Thursday 17th June, 2010, at 11:00 o'clock in the forenoon for the following purposes:

AGENDA

1. To receive and adopt the reports of the Directors and Auditors, and the Accounts for the year ended 31st December 2009
2. To declare a dividend
3. To elect Directors
4. To re-elect Directors
5. To approve the remuneration of Directors
6. To authorise the Board to fix the remuneration of the Auditors

NOTE

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 1097, Shell House, High Street, Accra not later than 48 hours before the appointed time of the meeting. A Proxy Form is provided at the end of this report.

Dated this 23rd day of April, 2010

BY ORDER OF THE BOARD



Juliana Afumwaa Bruce
Secretary

Board of Directors, Officials and Registered Office

BOARD OF DIRECTORS	Omar Valentin Benson (Chairman/Managing Director) Norbert Kwasivi Kudjawu (Member) Louis Casely-Hayford (Member) Franck Konan -Yahaut(Resigned on 14 June 2009) Daniel Nunoo (Resigned on 29 May 2009) Vincent Richter (Member) Samuel Sarpong (Member) Diongue Macoura (Appointed on 2 December 2009) Augustine Osei-Bonsu (Appointed on 2 December 2009)
SECRETARY	Juliana Afumwaa Bruce Shell House, High Street Accra
REGISTERED OFFICE	Shell Head Office Shell House High Street P.O. Box 1097 Accra
REGISTRAR	Merchant Bank (Ghana) Limited 57 Examination Loop North Ridge P.O. Box 401 Accra
AUDITOR	PricewaterhouseCoopers Chartered Accountants No.12 Airport City Una Home, 3rd Floor Airport City P.O. Box CT 42 Cantonments, Accra
SOLICITORS	Kudjawu & Co. House No. 5 Yantrabi Road Labone Accra JLD & MB Legal consultancy 5 Senchi Street Airport Residential Area P.O. Box 410 Accra AB & D and Law 8 Dr. Isert Road North Ridge P.O. Box TF 330 Accra
CORRESPONDENT BANKS	Barclays Bank of Ghana Limited CAL Bank Limited Ecobank Ghana Limited Standard Chartered Bank Ghana Limited

The Board



Omar Valentin Benson
Chairman & Managing Director



Norbert Kwasi Kudjawa
Member



Louis Casely-Hayford
Member



Vincent Richter
Member



Samuel Sarpong
Member



Macoura Diongue
Member



Augustine Osei-Bonsu
Member



Juliana Afumwa Bruce
Secretary

Chairman's Statement



Omar Valentin Benson

Dear Shareholder,

It is with renewed pleasure that I warmly welcome you to the eighteenth Annual General Meeting of Shell Ghana Limited and to the presentation of the Annual Report and Financial Statements of the Company for the year ended 31st December 2009.

This is another year of strong financial results but unlike the previous year this performance is almost entirely driven by the significant increase in the operational income delivered. In a challenging economy and an increasingly competitive industry, your company still managed to deliver a sales performance well above the market average. Selling, general and administrative expenses were also reduced by about 10%, compared with the previous year's actual figures, despite a relatively high inflation rate.

In spite of the unfavorable business environment, the Company delivered a net profit of GHS 9.053 million, exceeding the annual target by about 24% but falling short of the 2008 actual profit by more than 36%. However, it is worthy of note that the 2008 profit comprised mainly of sale of non-core assets and income from the sale of Trade Marks. The 2009 distributable profit therefore can be said to have exceeded that of 2008 by 4.0%.

I am pleased therefore, to announce to you, our valued shareholder, that the board of directors propose a dividend payment of GHS 0.8567 per share to you (4% above the 2008 dividend of GHS 0.8239), from the 2009 business results.

Economic and Business Environment

During the first half of 2009, the economy became progressively more unstable resulting in an increasing inflation that peaked in July with a consumer price index above 20%, financial interest rate around 30% and the devaluation of the local currency by about 40% against the United States dollar. Many projects had to be put on hold or postponed, contributing to the slow down in the economy. However, in the second half of the year, the economy started to stabilize with inflation around 1.6% at the end of the year, a 0.5% reduction in the Bank of Ghana interest rate and the local currency gaining a few percentages against the United States dollar.

Government started a review of the deregulation policy in 2009 with the intention of setting the direction for the future development of the downstream industry to enable all stakeholders develop their own targets and plans, accordingly.

Product supply was a challenge in the first three quarters of 2009 with intermittent fuel stock out situations. This situation was mainly attributable to the nine months shut down of Tema Oil Refinery (TOR) which normally supplied 60% of domestic fuel requirements. Within the nine month period the market was exclusively supplied by local bulk distributors who sometimes also faced financial and operational challenges, resulting in disruptions in the supply chain. The supply situation improved significantly within the last quarter of 2009 when TOR resumed operations.

Business Review

Customer Service Center

The Customer Service Center (CSC) of your Company continued to handle customer calls, complaints and issues in a very professional manner. Their role as an intermediary between customers and the different departments within the Company became even more relevant as customer demands and sophistication increased, requiring even higher levels of professionalism and stricter Service Level Agreements.

The CSC also continuously conducted Customer Satisfaction Index (CSI) surveys as a means of finding out the levels of customer satisfaction with the Company's services. Results from the CSI surveys indicated a high level of customer satisfaction. The CSI score for November 2009 was 99.38%, an increase of 4.3% over the April 2009 score of 95.08%.

Retail Fuels and Lubricants

The Retail business generally had a difficult start at the beginning of the year but later, with the introduction of several key initiatives, showed some very strong

performance, attesting to the fact that the Shell brand is still the most preferred in Ghana.

The 'People Make The Difference Real' initiative was one such program where operational excellence at service station level was taken to another high level. Mystery Motorists periodically visited and awarded scores to various sites. Staff of high performing sites were rewarded on a quarterly basis and this helped to tremendously improve customer satisfaction at our Retail sites.

There was a successful brand building activity on Shell Diesel Extra with a visit by John and Helen Taylor, the Guinness World record holders on Fuel Economy. As part of their programme line-up, John and Helen shared the '10 Shell Fuel Save Tips' with our customers in particular and the public generally.

The Company's Retail network was further expanded with the commissioning of 4 new stations, 2 of which are company owned.

The Retail lubricant business performance however suffered some setbacks as a result of supply challenges faced by our international supply partners.

Commercial Fuels and Bitumen

At the beginning of the year, government suspended payments to some road contractors resulting in a halt in the related road projects. This situation generated a big decline in the Construction sector, which has some of our major customers. Agro-forestry also suffered a setback due to the economic downturn, which manifested in a serious decline in export of timber products to Europe, and other destinations. As a result, the Commercial Fuels and Bitumen business was not able to deliver the desired volumes and profitability targets. Despite all these challenges the business managed its customers well and results from the CSI survey showed that our valued customers were satisfied with our services, and that we remain their first choice for supply of oil products.

Mining

The Company's decision to focus on the Mining Sector in Ghana has yielded positive results over the last few years and in 2009 the mining sector played an important part in the Company's financial performance.

Globally, the extractive industry experienced a number of challenges during the ongoing global economic downturn with the exception of gold, which was one of the few metal commodities that continued to perform well, in spite of the global crisis. Fortunately, with the majority of our mining customers being gold mining companies your company managed to hold onto its customers in the mining sector with the exception of one which we lost when we failed in our bid to renew the contract, in the face of stiff competition locally.

Consumer Lubricants

In 2009, marketing of consumer lubes through the

Distributor and Reseller network yielded good results. To better serve our trade partners and customers, Shell introduced a new packaging image and an enhanced formulation for its main brands - Shell Helix and Rimula packed lubricants. This initiative was targeted at delivering value and meeting the changing needs of driving conditions. The launch was successful and resulted in an increase in packed lubricants sales both through our Retail and Reseller networks.

With the exit of Shell from downstream activities in Nigeria, Shell Ghana also took up an export initiative to sell lubricants to accredited lubricants distributors in Nigeria

Aviation

The year 2009 was difficult for the Aviation industry worldwide and particularly in countries with high tourism activity such as Ghana. Leisure travels were significantly reduced due to the global economic downturn. Our fuel volumes at Kotoka International Airport (KIA) went down by 8% compared to a market decrease of 25%. The frequent fuel stock shortages experienced did not help us achieve our aspirations of growing the volumes, as some of our customers were forced to refuel at other airports in the West African region.

On the other hand, our strategy to diversify our portfolio was successfully implemented as we managed to retain key customers like KLM, Kenya Airways, Ethiopian Airways and British Airways and also gained the business of Delta and Lufthansa Airlines. Unfortunately we lost the South African Airways' business to competition in the last two months of the year 2009.

Supply and Distribution

2009 was a challenging year of fuel supply disruptions caused by inadequate gantry capacity, however the Supply and Distribution team worked tirelessly, sometimes sacrificing weekends, to support the various classes of business to deliver their results. Except for the disappointing performance of one of

“The Company's Retail network was further expanded with the commissioning of 4 new stations, 2 of which are company owned.”

Chairman's Statement

our foreign lubricant suppliers, there was remarkable improvement in the supply of lubricants.

Your Company's three road transport contractors obtained accreditation in 2009, and this was manifested in the excellent safety and operational performance and the achievement of 'GOAL ZERO' objectives.

The Company commissioned a rest stop for drivers in Takoradi to give its road transport drivers a decent place for planned overnight rests to prevent driver fatigue and also to avoid parking indiscriminately along the roads. For the same reason, the construction of another rest point was started at Tarkwa during the year under review and this will be fully operational in 2010.

Health, Safety, Security & Environment (HSSE)

During the year under review, the Company successfully achieved its HSSE objectives of pursuing no harm to people and no significant incidents. By going 365 days without a fatality or fatal incident in 2009 the Company improved its HSSE performance compared to the previous year.

Road transport initiatives, implemented and complied with throughout 2009, led to a significant reduction in road transport incidents. Despite the initiatives in place, a bulk road vehicle rolled over in Tarkwa resulting in a spill of 30 metric cubes (m³) of diesel fuel, of which 4 m³ was recovered. The truck itself was only slightly damaged and fortunately, the driver suffered no injury.

Five security incidents were recorded within the year under review; two incidents of armed robbery occurred at two separate retail sites, two company cars were burgled of their contents on different occasions and a company pick-up was car-jacked. Thankfully, in all these cases, no fatality or injury was recorded.

Three cases of Loss of Primary Containment were recorded; two of these were at the Takoradi Bitumen plant and the other at the Damang mines. In all these cases the products were contained within the bund walls and recovered, hence there was no damage to the environment.

The culture of 'hearts and minds' commitment to safety was further deepened through the introduction of the 12 Life Saving Rules (LSRs) such as the wearing of vehicle safety belts or appropriate personal protection equipment. To ensure commitment, both staff and contractors signed an undertaking to comply with the 12 Life Saving Rules and do the right thing. Staff, contractors, suppliers and business partners also observed a Safety Day during the year.

Corporate Affairs

In line with our corporate social investment strategy and priorities for 2009, we focused mainly on

activities and programmes aimed at improving road transport safety, the fight against HIV-AIDS pandemic and basic education in the whole country. Particular attention was paid to maximizing the impact related to those activities in return for the investment made, by seizing all synergy opportunities.

Legal

Last year, I informed you that following implementation of the Operator Platform Change policy under the Retail business strategy, some Retailers instituted legal suits against the Company, as a result of which the Courts granted injunctions against the Company. It is now my pleasure to inform you that within the year under review, the Company, through out of court settlements or arbitration with three of the Plaintiffs was able to recover possession of four of its service stations. The rest of these cases, involving eighteen (18) Retailers, are still pending before the courts.

Human Resource

In the face of cost reduction related restrictions on recruitment during the year under review, the Human Resource Department supported the Business in its manpower requirements through the redistribution of internal resources. About 74% of vacancies that arose were filled through internal deployment of staff. Three (3) positions representing 13% of vacancies were filled externally.

Our Talent pipeline came under pressure from the emerging upstream business as well as the telecommunications business in Ghana. In anticipation of, and in response to, such pressures a comprehensive and structured retention strategy was implemented for critical talent considered at risk.

A total of six (6) resignations were recorded and, as a result of the re-organisation of the Finance department, two (2) senior staff were made redundant. Three (3) persons retired from the Company in the year 2009 including the Managing Director/Country Chairman at the time. Within the

“Our Talent pipeline came under pressure from the emerging upstream business as well as the telecommunications business in Ghana.”

same period, the Company was able to successfully recruit two (2) experienced hires, one (1) professional and one (1) female Graduate Engineer.

Learning continued to remain the key enabler to the delivery of Shell's business strategy. In an era of cost reduction, learning interventions were restricted to Shell Open University and 76% of our learning plan for the year was achieved via e-learning.

Generally, good Employee Relations/Industrial Relations was maintained.

Finance

The global economic recession impacted quite heavily on some of our suppliers in obtaining facilities to execute contracts awarded to them.

The Finance Department put in place an invoice discounting option which enabled our contractors to access their payments early and cheaper than alternatives from the banks. This facility, which is still operational, is non-discriminatory and available to all contractors. This win-win approach to contract management ensured very efficient and timely execution of projects.

In general, the Contracts Board functioned efficiently, ensuring cost efficiency and transparency in the award process for all contracts.

Company resources were also managed very efficiently resulting in the least utilisation of the Board approved overdraft facility, thus minimising funding cost.

Board Representation

Within the year under review, Mr. Franck Konan-Yahaut, resigned from the Board on 14th June 2009 to enable him concentrate on his appointment as General Manager (Finance) for the West Africa Gas Pipeline Company. We wish him success in his new role.

"The Company will step up its focus on cost and cash management, will continue to grow the profitable and credit worthy businesses..."

Messrs Osei-Bonsu and Diongue were appointed as Directors on 2nd December 2009, to fill vacancies on the Board. These two gentlemen have several years working experience within the industry and, we look forward to benefiting from their invaluable experience. I hope you will all join me in welcoming them onto the Board.

Outlook for 2010

The country's macro economy is expected to further improve in 2010 with inflation and interest rates going further down. The first oil from the Jubilee fields is still planned for the last quarter of 2010 and the related revenue is expected to progressively boost economic growth and help in the reduction of the budget deficit.

Crude oil prices are expected to remain firm at the current level or to increase further slightly in 2010 putting some pressure on the petroleum sector's deficit if the current price regulation policy is sustained. This pressure could be significantly reduced if the deregulation of the downstream sector is revitalized with the support of all stakeholders.

The Company will step up its focus on cost and cash management, will continue to grow the profitable and credit worthy businesses and will develop employee competencies in a cost effective way to ensure delivery of its objective in another year of challenging global economic environment.

We still have a competent Board of Directors in place and, coupled with the experience of the Management Team and the effective functional support, I am confident that the Company's business objectives will be exceeded in the coming year, despite the slowly improving market conditions.

Thank you



Omar Valentin Benson
Chairman/Managing Director

Report of the Directors

TO THE MEMBERS OF SHELL GHANA LIMITED

The directors present their report together with the audited financial statements of the company for the year ended 31 December 2009.

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 and the requirements of the Companies Code, 1963 (Act 179).

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 company is authorised to carry on the business of acquiring, processing, transporting and selling petroleum and any products thereof together with such other business as may from time to time seem to the company capable of being conveniently carried on in association therewith.

There was no change in the nature of business of the company during the year.

Parent company

The company is a subsidiary of Shell Petroleum Company Limited, a company incorporated in the United Kingdom.

Financial results

The financial results of the company are set out below:

	2009 GH¢'000	2008 GH¢'000
Profit before tax for the year is	11,783	15,819
from which is deducted tax of	(2,730)	(1,520)
giving a profit after tax for the year of	9,053	14,299
to which is added the balance brought forward on income surplus account of	9,324	3,731
and from which is deducted a proposed dividend of	(9,053)	(8,706)
giving a balance carried forward on income surplus account of	9,324	9,324

Dividend

The directors recommend the payment of a dividend of **GH¢0.8567** (2008: GH¢0.8239) per share amounting to GH¢9,053,000.

Directors

The names of the present directors and those that served during the year are listed on page 2.

Auditor

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

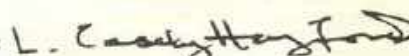
BY ORDER OF THE BOARD:

Director:



Omar Valentin Benson

Director:



Louis Casely-Hayford

Date: 23rd April, 2010

Report of the Independent Auditor

TO THE MEMBERS OF SHELL GHANA LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Shell Ghana Limited set out on pages 12 to 21. These financial statements comprise the balance sheet as at 31 December 2009, the profit and loss account, income surplus account and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Ghana Accounting Standards and with the requirements of the Companies Code, 1963 (Act 179). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion


In our opinion, the financial statements give a true and fair view of the financial position of Shell Ghana Limited as at 31 December 2009 and of its financial performance and its cash flows for the year then ended in accordance with Ghana Accounting Standards and comply with the requirements of the Companies Code, 1963 (Act 179).

REPORT ON OTHER LEGAL REQUIREMENTS

The Companies Code, 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 purposes of our audit;
- ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- iii) the company's balance sheet and profit and loss account are in agreement with the books of account.


Chartered Accountants

PRICEWATERHOUSECOOPERS 
Accra

Date: 7th May, 2010

Mark Appleby (101193)

Significant events in 2009

Launching Of New Shell Helix And Shell Rimula Range Of Packed Lubricants



Significant events in 2009

Shell V-Power Brand Building Promotion



Profit And Loss Account

FOR THE YEAR ENDED 31 DECEMBER 2009

(All amounts are expressed in thousands of Ghana Cedis)

	Note	2009	2008
Turnover		504,689	520,651
Cost of sales		(458,700)	(482,243)
Gross profit		45,989	38,408
Selling, general and administrative expenses	2	(35,741)	(39,688)
Operating profit/(loss)		10,248	(1,280)
Other income	3	1,735	17,901
Profit before interest and tax		11,983	16,621
Interest expense		(200)	(802)
Profit before tax		11,783	15,819
Income tax expense	4	(2,730)	(1,520)
Profit after tax transferred to income surplus account		9,053	14,299

Income Surplus Account

Balance at 1 January		9,324	3,731
Profit for the year		9,053	14,299
		18,377	18,030
Proposed dividend: GH¢0.8567 (2008: GH¢0.8239) per share	12	(9,053)	(8,706)
Balance at 31 December		9,324	9,324

Balance Sheet


FOR THE YEAR ENDED 31 DECEMBER 2008

All amounts are expressed in thousands of Ghana Cedis

	Note	2009	2008
Non-current assets			
Property, plant and equipment	5	20,864	16,530
Investments	6	7	7
		20,871	16,537
Current assets			
Inventories	7	15,145	20,063
Accounts receivable	8	34,753	26,565
Due from related companies	9	5,724	5,911
Cash and bank balances	16	16,417	17,570
Tax receivable	4	1,449	1,449
		73,488	71,558
Current liabilities			
Bank overdrafts	10	2,024	5,214
Accounts payable	11	68,563	52,728
Due to related companies	9	809	2,667
Current portion of loan	14	1,627	4,912
Dividend payable	12	9,053	8,706
		82,076	74,227
Net current liabilities		(8,588)	(2,669)
Total assets less current liabilities		12,283	13,868
Non-current liabilities			
Deferred income tax	4	(648)	(596)
Non-current portion of loan	14	-	(1,637)
Net assets		11,635	11,635
Financed by:			
Stated capital	13	2,311	2,311
Income surplus account		9,324	9,324
Shareholders' funds		11,635	11,635

The financial statements on pages 12 to 21 were approved by the Board of Directors on 23rd April, 2010 and signed on its behalf by:

Director: 
Omar Valentin Benson

Director: 
Louis Casely-Hayford

Cash Flow Statement

(All amounts are expressed in thousands of Ghana Cedis)

	Note	Year ended 31 December	
		2009	2008
Operating activities			
Cash generated from operations	15	25,333	7,701
Interest paid		(200)	(802)
Tax paid	4	(2,678)	(3,376)
Net cash generated from operating activities		22,455	3,523
Investing activities			
Purchase of property, plant and equipment	5	(6,234)	(5,483)
Proceeds from sale of property, plant and equipment	5	320	9,611
Net cash (used in)/generated from investing activities		(5,914)	4,128
Financing activities			
Drawdown of term loan	14	-	3,629
Loan repayments	14	(5,798)	(3,424)
Dividend paid to shareholders	12	(8,706)	(4,214)
Net cash used in financing activities		(14,504)	(4,009)
Increase in cash and cash equivalents		2,037	3,642
Cash and cash equivalents at beginning of the year		12,356	8,714
Cash and cash equivalents at end of the year	16	14,393	12,356

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the preparation of these financial statements:

a. Basis of accounting

These financial statements have been prepared under the historical cost convention and in accordance with Ghana Accounting Standards.

b. Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Additions during the year are included at cost.

Depreciation is provided for on a straight-line basis at rates calculated to write off the cost of each item of property, plant and equipment over its estimated useful life. The annual rates generally in use are as follows:

Leasehold land	-	Over the unexpired portion of the lease
Office and residential buildings	-	2.5%
Other buildings	-	5% - 10%
Motor vehicles	-	25% - 33.3%
Plant and machinery	-	5% - 15%
Office furniture and equipment	-	15% - 33.3%

c. Stocks

Lubricants are valued on the weighted average cost basis at the lower of cost and net realisable value. Bitumen, fuel and other stocks are valued on first in, first out basis at the lower of cost and net realisable value.

d. Debtors

Debtors are stated after providing for specific debts considered to be doubtful.

e. Foreign currencies

Transactions denominated in foreign currencies are translated into Ghana cedis and recorded at the rates of exchange ruling at the dates of the transactions; gains and losses resulting from the settlement of such transactions are recognized in the profit and loss account.

At the balance sheet date monetary assets and liabilities denominated in foreign currencies are translated into Ghana cedis at exchange rates ruling at the balance sheet date. Differences arising from such translations are recognised in the profit and loss account.

f. Sales

Sales are recognised upon delivery of product and customer acceptance. Sales represent the value of goods invoiced to customers net of returns, trade discounts, duties, levies and value added tax.

g. Deferred income tax

Provision is made for deferred income tax on material temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Provision is made for deferred income tax assets when there is reasonable certainty of realisation of the related assets.

Notes (Continued)

h. **Cash and cash equivalents**

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.

i. **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.

Notes (Continued)

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

2.	Selling, general and administrative expenses	2009	2008
	Selling, general and administrative expenses include:		
	Directors' remuneration	600	513
	Staff costs	10,321	7,147
	Auditor's remuneration	36	35
	Depreciation	1,797	1,353
	Donations	<u>7</u>	<u>21</u>

The average number of persons employed by the company during the year was **173** (2008: 175).

3.	Other income	2009	2008
	Profit on disposal of property, plant and equipment	217	9,595
	Lease income	404	7,276
	Sundry income	1,114	1,030
		<u>1,735</u>	<u>17,901</u>

4.	Income tax	The movement in current income tax is as follows:			
		Balance at 1 January 2009	Payments	Charge for the year	Balance at 31 December 2009
(a)	Current income tax payable				
	Up to 2008	(1,448)	-	-	(1,448)
	2009	-	(2,673)	2,678	5
	Withholding tax	<u>(1)</u>	<u>(5)</u>	-	<u>(6)</u>
		<u>(1,449)</u>	<u>(2,678)</u>	<u>2,678</u>	<u>(1,449)</u>

(b)	Deferred income tax	The movement in deferred income liabilities tax is as follows:		
		2009	2008	
	Balance at 1 January	596	833	
	Charge / (credit) for the year	<u>52</u>	<u>(237)</u>	
	Balance at 31 December	<u>648</u>	<u>596</u>	

(c)	Income tax expense	2009	2008
	The income tax expense in the profit and loss account comprise:		
	Current income tax	2,678	1,757
	Deferred income tax	<u>52</u>	<u>(237)</u>
		<u>2,730</u>	<u>1,520</u>

Notes (Continued)

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

5. Property, plant and equipment

	Leasehold Land and Buildings	Motor Vehicles	Plant and Machinery	Furniture Fittings and Computer Equipment	Capital Work-in Progress	Total
Cost						
At 1 January 2009	6,923	503	12,295	2,802	2,705	25,228
Additions	2,666	725	1,189	217	1,437	6,234
Disposals	(43)	(114)	(110)	(2)	-	(269)
Transfers	526	682	1,199	295	(2,702)	-
At 31 December 2009	10,072	1,796	14,573	3,312	1,440	31,193
Accumulated depreciation						
At 1 January 2009	2,266	292	4,118	2,022	-	8,698
Charge for the year	349	178	1,004	266	-	1,797
Released on disposals	(21)	(114)	(29)	(2)	-	(166)
At 31 December 2009	2,594	356	5,093	2,286	-	10,329
Net book value At 31 December 2009	7,478	1,440	9,480	1,026	1,440	20,864
At 31 December 2008	4,657	211	8,177	780	2,705	16,530

Profit on disposal of property, plant and equipment has been arrived at as follows:

	2009	2008
Cost of items disposed of	269	123
Depreciation thereon	(166)	(107)
Net book value Proceeds	103 (320)	16 (9,611)
Profit on disposal of property, plant and equipment	(217)	(9,595)

6. Investments

Investments represents the cost of ordinary shares held by the company in Road Safety Limited.

7. Inventories

	2009	2008
Product stocks	14,129	18,167
Other stocks	1,016	1,896
	15,145	20,063

8. Accounts receivable

Trade debtors	32,567	24,677
Prepayments and other deposits	1,420	1,092
Staff debtors	182	91
Sundry debtors	584	705
	34,753	26,565

The maximum amount due from employees of the company during the year was **GHC 182,000** (2008: GH¢91,000).

Notes (Continued)

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

9. Related party transactions

The company is a subsidiary of Shell Petroleum Company Limited of the United Kingdom, a member of the Royal Dutch Shell group (incorporated in the United Kingdom) of which the under listed companies form a part:

	2009	2008
(a) Amount due from related companies	<u>5,724</u>	<u>5,911</u>
(b) Amount due to related companies	<u>809</u>	<u>2,667</u>

During the year the following transactions were carried out with related parties:

(i) Sales of lubricants

	2009	2008
Shell Cote d'Ivoire	-	18
Shell Senegal	-	20
	-	<u>38</u>

(ii) Purchase of lubricants, additives and bitumen

	2009	2008
Oly Shell AB	3	17
Shell Cote d'Ivoire	-	41
Shell Deutschland Oil GmbH	438	132
Shell UK Oil Products Ltd	12	119
Burkina et Shell	37	80
Shell European Export Centre	326	602
Shell Guinea	315	-
Shell South Africa	-	530
Togo Et Shell	1,147	-
Shell Columbia LTD	1,364	638
Shell Austria Gasellschaft	181	-
Shell Lubricants Switzerland A	201	-
Societe des Petroles Shell S.A	186	-
Societe Shell Du Maroc	712	-
Unico Manufacturing Co. Ltd	219	-
STASCO	-	19,313
	<u>5,141</u>	<u>21,472</u>

(iii) Purchase of services from Shell related companies

	<u>5,214</u>	<u>15,323</u>
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The above transactions were carried out on commercial terms and conditions.

10. Bank overdrafts

The company has unsecured overdraft facilities with a limit of **GH¢13 million** (2008: GH¢13 million).

11. Accounts payable

	2009	2008
Trade creditors	53,502	38,080
Sundry creditors	1,983	4,213
Accrued charges and provisions	13,078	10,435
	<u>68,563</u>	<u>52,728</u>

12. Dividend payable

At 1 January	8,706	4,214
Payments during the year	(8,706)	(4,214)
Proposed for the year	<u>9,053</u>	<u>8,706</u>
At 31 December	<u>9,053</u>	<u>8,706</u>

Notes (Continued)

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

13. Stated capital

	Number of shares		Proceeds	
	2009	2008	2009	2008
Authorised				
Ordinary shares of no par value	<u>12,000,000</u>	<u>12,000,000</u>		
Issued				
For cash consideration	5,283,900	5,283,900	2,220	2,220
Consideration other than cash	3,791,697	3,791,697	67	67
Transferred from income surplus account	<u>1,491,203</u>	<u>1,491,203</u>	<u>24</u>	<u>24</u>
	<u>10,566,800</u>	<u>10,566,800</u>	<u>2,311</u>	<u>2,311</u>

There are no shares in treasury and there are no calls or instalments unpaid on any share.

14. Term loan

The movement on the term loan is as follows:

	At 1 January 2009	Repayment	Foreign exchange adjustment	At 31 December 2009
Standard Chartered Bank Ghana Limited	<u>6,549</u>	<u>(5,798)</u>	<u>876</u>	<u>1,627</u>
			2009	2008
Current portion – due within one year			<u>1,627</u>	4,912
Non-current portion – due after one year			<u>-</u>	<u>1,637</u>
			<u>1,627</u>	<u>6,549</u>

The loan is unsecured and attracts interest at London Inter Bank Offer Rate (LIBOR) plus 2.75%. The loan is repayable no later than 30 April 2010.

15. Cash generated from operations

	2009	2008
Profit before tax	11,783	15,819
Foreign exchange adjustment on loan	876	1,905
Depreciation	1,797	1,353
Profit on disposal of property, plant and equipment	(217)	(9,595)
Decrease/(increase) in inventories	4,918	(6,834)
Increase in receivables	(8,188)	(2,207)
Decrease/(increase) in amounts due from related companies	187	(1,806)
Increase in accounts payable	15,835	7,706
(Decrease)/increase in amounts due to related companies	(1,858)	558
Interest expense	<u>200</u>	<u>802</u>
	<u>25,333</u>	<u>7,701</u>

Notes (Continued)

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

16. Cash and cash equivalents

	2009	2008
Cash and cash equivalents comprise:		
Cash and bank balances	16,417	17,570
Bank overdrafts (Note 10)	(2,024)	(5,214)
	<u>14,393</u>	<u>12,356</u>

17. Capital commitments

There were no capital commitments at 31 December 2009 (2008: Nil).

18. Contingent liabilities

There were no contingent liabilities at 31 December 2009 (2008: Nil).



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Proxy Form

I/We

.....
(PLEASE USE BLOCK CAPITALS)

of
being member/members of Shell Ghana Limited,
hereby appoint

*
(insert full name)

of

(or failing him/her the duly appointed Chairman of the meeting)
as my/our Proxy to vote for me/us on my/our behalf at the
Annual General Meeting to be held on Thursday 17th June,
2010 at 11:00 a.m. and at every adjournment thereof.

Resolution	For	Against
1. To receive and adopt the reports of the Directors and the Auditors and the Accounts for the year ended 31st December 2009		
2. To declare a dividend		
3. To elect Directors		
4. To re-elect Directors		
5. To approve the remuneration of Directors		
6. To authorise the Board to fix the remuneration of the Auditors		

Please indicate with an "X" in the appropriate square how you wish your votes to be cast on the resolution referred to above.

Dated this day of 2010

Shareholder's signature

THIS PROXY FORM SHOULD NOT BE SENT TO THE SECRETARY IF THE MEMBER WILL BE ATTENDING THE MEETING .

Notes :

1. A member (Shareholder) who is unable to attend the Annual General Meeting is permitted by law to vote by proxy.
2. Provision has been made on the form for the Chairman of the Meeting to act as your proxy, but if you wish, you may insert in the blank space marked with an asterisk (*) 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 the Chairman of the Meeting.
3. In the case of joint shareholders, each shareholder should sign.
4. If executed by a corporation, the proxy form should 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 48 hours before the appointed time of the meeting.

Shell Ghana Limited

THIRD FOLD HERE

The Secretary
Shell Ghana Limited
Shell House, High Street
P. O. Box 1097
Accra
Ghana

FIRST FOLD HERE

PLEASE AFFIX
STAMP HERE

SECOND FOLD HERE

Statement of General Business Principles

Introduction

The Shell General Business Principles govern how each of the Shell companies which make up the Shell Group* conducts its affairs.

The objectives of the Shell Group are to engage efficiently, responsibly and profitably in oil, gas, chemicals and other selected businesses and to participate in the search for and development of other sources of energy to meet evolving customer needs and the world's growing demand for energy.

We believe that oil and gas will be integral to the global energy needs for economic development for many decades to come. Our role is to ensure that we extract and deliver them profitably and in environmentally and socially responsible ways.

We seek a high standard of performance, maintaining a strong long-term and growing position in the competitive environments in which we choose to operate.

We aim to work closely with our customers, partners and policy-makers to advance more efficient and sustainable use of energy and natural resources.

**Royal Dutch-Shell plc and the companies in which it directly or indirectly owns investments are separate and distinct entities. But in this publication, the collective expressions 'Shell' and 'Shell Group' may be used for convenience where reference is made in general to those companies. Likewise, the words 'we', 'us', 'our', and 'interests' are used in some places to refer to the companies of the Shell Group in general. These expressions are also used where no useful purpose is served by identifying any particular company or companies.*

Our Values

Shell employees share a set of core values - honesty, integrity and respect for people. We also firmly believe in the fundamental importance of trust, openness, teamwork and professionalism, and pride in what we do.

Sustainable Development

As part of the Business Principles, we commit to contribute to sustainable development. This requires balancing short and long term interests, integrating economic, environmental and social considerations into business decision-making.

Responsibilities

Shell companies recognise five areas of responsibility. It is the duty of management continuously to assess the priorities and discharge those inseparable responsibilities on the basis of that assessment.

a. To shareholders

To protect shareholders' investment, and provide a long-term return competitive with those of other leading companies in the industry.

b. To customers

To win and maintain customers by developing and providing products and services which offer value in terms of price, quality, safety and environmental impact, which are supported by the requisite technological, environmental and commercial expertise.

c. To employees

To respect the human rights of our employees and to provide them with good and safe working conditions, and competitive terms and conditions of employment.

To promote the development and best use of the talents of our employees: to create an inclusive work environment where every employee has an equal opportunity to develop his or her skills and talents. To encourage the involvement of employees in the planning and direction of their work; to provide them with channels to report concerns.

We recognise that commercial success depends on the full commitment of all employees

d. To those with whom we do business

To seek mutually beneficial relationships with contractors, suppliers and in joint ventures and to promote the application of these Shell General Business Principles or equivalent principles in such relationships. The ability to promote these principles effectively will be an important factor in the decision to enter into or remain in such relationships.

e. To society

To conduct business as responsible corporate members of society; to comply with applicable laws and regulations; to support fundamental human rights in line with the legitimate role of business; and to give proper regard to health, safety, security and the environment.

Principle 1: Economics

Long-term profitability is essential to achieving our business goals and our continued growth. It is a measure both of efficiency and of the value that customers place on Shell products and services. It supplies the necessary corporate resources for the continuing investment that is required to develop and produce future energy supplies to meet customer needs. Without profits and a strong financial foundation, it would not be possible to fulfil our responsibilities.

Criteria for investment and divestment decisions include sustainable development considerations (economic, social and environmental) and an appraisal of the risks of the investment.

Principle 2: Competition

Shell companies support free enterprise. We seek to compete fairly and ethically and within the framework of applicable competition laws; we will not prevent others from competing freely with us.

Principle 3: Business Integrity

Shell companies insist on honesty, integrity and fairness in all aspects of our business and expect the same in our relationships with all those with whom we do business. The direct or indirect offer, payment, soliciting or acceptance of bribes in any form is unacceptable. Facilitation payments are also bribes and should not be made. Employees must avoid conflicts of interest between their private activities and their part in the conduct of company

business. Employees must also declare to their employing company potential conflicts of interest. All business transactions on behalf of a Shell company must be reflected accurately and fairly in the accounts of the company in accordance with established procedures and are subject to audit and disclosure.

Principle 4: Political Activities

a) Of companies

Shell Company's act in a socially responsible manner within the laws of the countries in which we operate in pursuit of our legitimate commercial objectives.

Shell companies do not make payments to political parties, organizations or their representatives. Shell companies do not take part in party politics. However, when dealing with governments, Shell companies have the right and the responsibility to make our position known on any matters, which affect us, our employees, our customers, our shareholders or local communities in a manner, which is in accordance with our values and the Business Principles.

b) Of employees

Where individuals wish to engage in activities in the community, including standing for election to public office, they will be given the opportunity to do so where this is appropriate in the light of local circumstances.

Principle 5: Health, Safety, Security and the Environment

Shell companies have a systematic approach to health, safety, security and environmental management in order to achieve continuous performance improvement.

To this end, Shell companies manage these matters as critical business activities, set standards and targets for improvement, and measure, appraise and report performance externally.

We continually look for ways to reduce the environmental impact of our operations, products and services.

Principle 6: Local Communities

Shell companies aim to be good neighbours by continuously improving the ways in which we contribute directly or indirectly to the general well-being of the communities within which we work.

We manage the social impacts of our business activities carefully and work with others to enhance the benefits to local communities, and to mitigate any negative impacts from our activities.

In addition, Shell companies take a constructive interest in societal matters, directly or indirectly related to our business.

Principle 7: Communication and Engagement

Shell companies recognise that regular dialogue and engagement with our stakeholders is essential. We are committed to reporting of our performance by providing full relevant information to legitimately interested parties, subject to any overriding considerations of business confidentiality.

In our interactions with employees, business partners and local communities, we seek to listen and respond to them honestly and responsibly.

Principle 8: Compliance

We comply with all applicable laws and regulations of the countries in which we operate.

Living by our Principles

Our shared core values of honesty, integrity and respect for people, underpin all the work we do and are the foundation of our Business Principles.

The Business Principles apply to all transactions, large or small, and drive the behaviour expected of every employee in every Shell company in the conduct of its business at all times.

We are judged by how we act. Our reputation will be upheld if we act in accordance with the law and the Business Principles. We encourage our business partners to live by them or by equivalent principles.

We encourage our employees to demonstrate leadership, accountability and teamwork, and through these behaviours, to contribute to the overall success of Shell.

It is the responsibility of management to lead by example, to ensure that all employees are aware of these principles, and behave in accordance with the spirit as well as with the letter of this statement.

The application of these principles is underpinned by a comprehensive set of assurance procedures, which are designed to make sure that our employees understand the principles and confirm that they act in accordance with them.

As part of the assurance system, it is also the responsibility of management to provide employees with safe and confidential channels to raise concerns and report instances of non-compliance. In turn, it is the responsibility of Shell employees to report suspected breaches of the Business Principles to Shell.

The Business Principles have for many years been fundamental to how we conduct our business and living by them is crucial to our continued success.

SHELL RIMULA
ENERGISED PROTECTION



**HOWEVER TOUGH,
SHELL RIMULA ADAPTS.**

DESIGNED TO MEET CHALLENGES