

TOTAL PETROLEUM GHANA LIMITED



Annual Report 2009



TOTAL

Total Petroleum Ghana Limited

ANNUAL REPORT AND ACCOUNTS 2009

TOTAL QUARTZ 4x4

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Corporate Information

BOARD OF DIRECTORS

Stanislas Mittelman	- Chairman
Jonathan Molapo	- Managing Director
Alain Champeaux	
Rexford Adomako-Bonsu	
Edward P. Larbi Gyampoh	
John Sackah Addo	
Christian Joret des Closieres	
Kofi Ampim	
Ronan Bescond	- (Appointed 3 June 2009)
K. Owusu-Tweneboa	- (Appointed 3 June 2009)
Daniel Charles Gyimah	- (Resigned 10 June 2009)
Jonas Ayiquaye Ayl	- (Resigned 12 October 2009)
Olivier Berthaud	- (Resigned 3 June 2009)

SECRETARY

Mrs. Mercy Samson
P. O. Box CT 3504
Cantonments, Accra

REGISTERED OFFICE

Total House
25 Liberia Road
P. O. Box 553
Accra

Solicitors

Peasah Boadu & Co.
3rd Floor, Gulf House
P. O. Box CT3523
Cantonments, Accra

Registrars

Merchant Bank (Ghana) Limited
57 Examination Loop, North Ridge
P. O. Box 401
Accra

AUDITORS

KPMG
Chartered Accountants
13 Yiyiwa Drive, Abelenkpe
P.O. Box GP 242
Accra

BANKERS

Agricultural Development Bank Limited
Barclays Bank of Ghana Limited
Ecobank Ghana Limited
Ghana Commercial Bank Limited
Merchant Bank Limited
Standard Chartered Bank Ghana Limited
National Investment Bank Limited
SG-SSB Limited
The Trust Bank Limited

Financial Highlights

Five year Financial Highlights

	2009	2008	Restated 2007	2006	2005
Turnover (GH¢000)	542,439	566,514	404,390	177,833	122,282
Profit before interest and exchange loss (GH¢000)	14,839	10,382	13,799	6,026	2,214
Interest expense (GH¢000)	(2,080)	(4,065)	(2,656)	(1,005)	(823)
Gain/(Loss) on exchange (GH¢000)	3,398	1,777	130	100	(3)
Profit before taxation and NRL (GH¢000)	16,157	8,094	11,273	5,121	1,387
Taxation and NRL (GH¢000)	(2,991)	(1,874)	(2,476)	(1,288)	(20)
Profit after taxation and NRL (GH¢000)	13,166	6,220	8,797	3,833	1,367
Earning per share (GH¢)	0.9415	0.4448	0.6291	0.6114	0.0289
Dividend per share (GH¢)	0.9415	0.3781	0.4964	0.2741	0.2604
Shareholders equity (GH¢000)	60,409	55,581	52,740	54,946	5,262
Authorised number of shares (000)	50,000	50,000	50,000	50,000	50,000
Number of Issued and Fully paid shares	13,984,259	13,984,259	13,984,259	13,984,259	4,725,000
Fixed assets net book value (GH¢000)	45,859	41,588	41,377	43,190	9,309
Net assets per share (GH¢)	4.3198	3.9745	3.7714	3.9291	1.1137

Chairman's Statement



Mr. Stanislas MITTELMAN

INTRODUCTION

It is with pleasure that I welcome you to our Thirty-Fourth (34th) Annual General Meeting and to present to you the 2009 Annual Report and Financial Statements.

ECONOMIC ENVIRONMENT

Factors that adversely affected the Ghanaian economy throughout the year were the depreciation of the Ghana Cedi against the US dollar, high interest rates and the high levels of inflation.

The Ghana Cedi depreciated by 17% against the US dollar and the inflation rate peaked at 20.74%. The situation at year end began to show signs of improvement with the Ghana Cedi stabilizing, Bank of Ghana rate dropped down to 18% and the inflation rate ended at 15.97%.

In the Petroleum sector, the challenges we experienced revolved around the fragility of the oil industry supply chain and the number of licensed Oil Marketing Companies reaching a record number of sixty-seven (67) in 2009.

The Association of Oil Marketing Companies continued to interact with all its key stakeholders, such as the Ministry of Energy, National Petroleum Authority, Tema Oil Refinery, Bulk Oil Storage and Transportation Company, and the Bulk Distribution Companies to look at ways that the overall industry performance can be improved to guarantee an improvement in the security of supply and a stable operating environment.

The industry continued its efforts to lobby the National Petroleum Authority to upwardly adjust the current marketing margin in order to ensure a fair return on investments, and secondly, to agree on a regular margin review.

COMPANY PERFORMANCE

Your Company, in a challenging operating environment, has managed to report results that are better than the industry average. The Company in 2009 went back to basics and concentrated on stopping the loss of market share by improving the supply chain to ensure security of supply, increasing the level of investment in the retail network and for the general trade customers and increased its focus on improving the working capital position of the company.

The Company continued to differentiate itself from its competitors through Quality Product and Service offerings. The full effect of the launch of the Effimax range of products in late 2008 was felt in 2009 with an aggressive roll-out to service stations to meet the customer demand for better quality fuel.

FINANCIAL AND OPERATIONAL PERFORMANCE

The Company managed to keep the sales volume for 2009 at relatively the same level as the previous year, 463 kilo tonne in 2008 as against 470 kilo tonne in 2009. The only material exception was seen in the aviation business which showed a decline of 36.2%, 72 kilo tonne in 2008 as against 46 kilo tonne in 2009 and this can be attributed to the impact of the high price of aviation fuel in Ghana as compared to other West African countries.

The profit for 2009 showed an improvement of 112% at GH¢13.166 million as against GH¢6.22 million reported in 2008. The profit was positively impacted due to an improvement in working capital position of the company, decrease in the financial costs, overall improvement in margins through cost efficiencies and innovation, and an improvement in network sales of 9% against 2008 performance.

The Board approved to increase the Investment Budget from GH¢4.402 million in 2008 to a new level of GH¢8.405 million in 2009. The 2009 investment in our Retail Network is the first year of a three year investment program to improve the image and services we are offering at our service stations.

Margins on fuels were not adjusted for all of 2009, with the last increase taking place in the fourth quarter of 2008.

Chairman's Statement continued

DIVIDEND

In October 2009 your Board approved the payment of an interim dividend of GH¢0.2372 per share.

Your Board is recommending a final dividend of GH¢0.7129 per share before tax in respect of the year ended 31st December 2009, culminating in a total dividend of GH¢0.9415 per share to be paid to shareholders in respect of the same year.

On behalf of the Board, I trust that shareholders will approve the dividend as recommended by your Board when the resolution is proposed before you today.

BOARD MATTERS

Mr. Olivier Berthaud and Mr. Daniel Gyimah resigned from the Board on 2nd June, 2009 and 10th June 2009 respectively. The Board appointed Mr. Ronan Bescond, representing the Total Group and Mr. K. Owusu-Tweneboaa, representing the National Investment Bank.

At this Annual General Meeting, the Board recommends to Shareholders the election of Mr. Ronan Bescond and Mr. K. Owusu-Tweneboaa.

The Board also recommends to you for re-election the following directors:

Mr. John Sackah Addo

Mr. Edward P. L. Gyampoh

Mr. Rexford Adomako-Bonsu

Mr. Kofi Ampim

OUTLOOK

We foresee interesting and challenging times in our industry especially in respect of the increase in the importance of security of stock, improvement in the country's supply infrastructure, the need for a clear road map on the industry policy issues and the overall structure of the industry.

Health, Safety, Environment and Quality (HSEQ) compliance and safety culture forms will continue to form, a key pillar that guides the operations of Total Petroleum Ghana Limited and we will continue to work with all the relevant authorities and stakeholders to improve on the industry's overall performance.

Total Petroleum Ghana Limited will continue to focus on profitable market growth, review ways to optimise the organization and improve business processes. We will continue with our investment program in all areas of the business.

APPRECIATION

On behalf of the Board of Directors, I would like to express our appreciation to the Management and Staff of Total Petroleum Ghana Limited for their contribution to the results of 2009.

Our greatest thanks goes to our dealers, loyal customers and to you our Shareholders, for your continued support and the confidence demonstrated in the Board and staff of Total Petroleum Ghana Limited.

Thank you all for your presence here today.

Stanislas MITTELMAN

Chairman

Notice Of Meeting

NOTICE is hereby given that the 34th Annual General Meeting of the Shareholders of Total Petroleum Ghana Limited will be held at the National Theatre, Liberia Road, Accra on Wednesday the 2nd day of June, 2010 at 11 O'clock in the forenoon.

AGENDA

1. To receive and consider the Reports of the Directors, Auditors and the Financial Statements of the Company for the year ended 31st December 2009.
2. To declare Final Dividend in respect of the year ended December 31, 2009.
3. To approve the appointment of a Director.
4. To re-elect Directors.
5. To fix the remuneration of the Directors.
6. To authorise the Directors to fix the remuneration of the Auditors.

Dated this 23rd day of March, 2010

By Order Of The Board
MERCY SAMSON (MRS.)
SECRETARY

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 553, Accra not less than 48 hours before the appointed time of the meeting. Failure to submit the 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 in the Annual Report.

Report Of The Directors

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

DIRECTORS' RESPONSIBILITY STATEMENT

The company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at 31 December 2009, statement of comprehensive income and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Code, 1963 (Act 179).

The directors' responsibilities include: 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, making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

FINANCIAL STATEMENTS AND DIVIDEND

The results are summarised as follows:

	GH¢'000	GH¢'000
Profit for the year ended 31 December 2009 after taxation is		13,166
to which is added balance on retained earnings account brought forward of		<u>5,859</u>
giving a total of		19,025
out of which the following dividends were declared and paid:		
Interim dividend for 2008 at GH¢0.1409 per share (net of tax)	1,824	
Final dividend for 2008 at GH¢0.2372 per share	3,317	
Interim dividend for 2009 at GH¢0.2286 per share	3,197	<u>(8,338)</u>
leaving the retained earnings balance of		<u>10,687</u>

The directors recommend the payment of a final dividend of GH¢0.71285 per share amounting to GH¢9,966,679 (2008: GH¢3,317,066) for the year under review.

The directors consider the state of affairs of the company to be satisfactory.

NATURE OF BUSINESS

The company is registered to carry on the business of the marketing of petroleum and allied products.

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

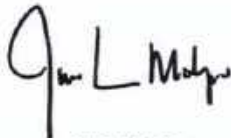
Report Of The Directors cont'd

HOLDING COMPANY

The company is a subsidiary of Total Outre Mer S.A., a company incorporated in France, a wholly owned subsidiary of Total S.A.

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the company as indicated above were approved by the board of directors on 26th March 2010 and are signed on their behalf by:



DIRECTOR



DIRECTOR

Independent Auditor's Report to the members of Total Petroleum Ghana Ltd

We have audited the accompanying financial statements of Total Petroleum Ghana Limited, which comprise the statement of financial position at 31 December 2009, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 41.

Directors' Responsibility for the financial statement

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by 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 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 the audit to obtain reasonable assurance whether the financial statements are free from 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 judgement, 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 controls 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 controls. 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 Total Petroleum Ghana Limited at 31 December 2009, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179).

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Code, 1963 (Act 179).

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.

In our opinion, proper books of account have been kept, and the statement of financial position, the statement of comprehensive income and the retained earnings accounts are in agreement with the books of account.



Chartered Accountants
13 YIYIWA DRIVE
P. O. Box GP 242
Accra

26th March, 2010

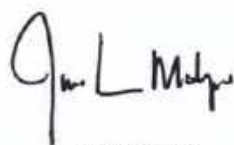
Statement of Comprehensive Income for the year ended 31 December 2009

	Note	2009 GH¢'000	2008 GH¢'000
Revenue	6	542,439	566,514
Cost of Sales		<u>(502,393)</u>	<u>(534,101)</u>
Gross profit		40,046	32,413
Other Income	7	10,947	7,182
General and Administrative expenses		<u>(32,756)</u>	<u>(27,436)</u>
Operating profit before financing cost		18,237	12,159
Interest income		623	131
Interest expense		<u>(2,703)</u>	<u>(4,196)</u>
Net Finance Cost		<u>(2,080)</u>	<u>(4,065)</u>
Profit before taxation	8	16,157	8,094
Income tax expense	10	<u>(2,991)</u>	<u>(1,874)</u>
Profit for the year		<u>13,166</u>	<u>6,220</u>
Basic earnings per share (Ghana cedi per share)	20	GH¢0.9415	GH¢0.4448
Diluted earnings per share (Ghana cedi per share)	20	GH¢0.9415	GH¢0.4448

The notes on page 14 to 41 are an integral part of these financial statements.

Statement of Financial Position as at 31 December 2009

	Note	2009 GH¢'000	2008 GH¢'000
Assets			
Property, plant and equipment	12	45,859	41,588
Intangible assets	13	12,738	15,981
Long term investments	14	14	14
Total non-current assets		58,611	57,583
Inventories	15	14,312	18,246
Income tax asset	10	1,201	734
Trade and other receivables	16	58,925	58,615
Amount due from related companies	23	-	46
Cash and cash equivalents	17	10,786	12,927
Total current assets		85,224	90,568
Total assets		143,835	148,151
Equity			
Share capital		49,722	49,722
Retained earnings		10,687	5,859
Total equity		60,409	55,581
Liabilities			
Bank overdraft	18	4,380	31,519
Trade and other payables	21	72,168	48,516
Amount due to related companies	23	2,853	7,035
Total current liabilities		79,401	87,070
Deferred tax liabilities	11	4,025	5,500
Total liabilities		83,426	92,570
Total liabilities and equity		143,835	148,151



DIRECTOR



DIRECTOR

The notes on page 14 to 41 are an integral part of these financial statements.

Statement Of Changes In Equity for the year ended 31 December 2009

	Share Capital GH¢'000	Retained Earnings GH¢'000	Total Equity GH¢'000
Balance at 1 January 2009	49,722	5,859	55,581
Profit for the year	-	13,166	13,166
Dividend	-	(8,338)	(8,338)
Balance at 31 December 2009	<u>49,722</u>	<u>10,687</u>	<u>60,409</u>

	Share Capital GH¢'000	Retained Earnings GH¢'000	Total Equity GH¢'000
Balance at 1 January 2008	49,722	3,018	52,740
Profit for the year	-	6,220	6,220
Dividend paid	-	(3,379)	(3,379)
Balance at 31 December 2008	<u>49,722</u>	<u>5,859</u>	<u>55,581</u>

The notes on page 14 to 41 are an integral part of these financial statements.

Statement of Cash Flow for the year ended 31 December 2009

	2009 GHc'000	2008 GHc'000
Cash flows from operating activities		
Profit before taxation	16,157	8,094
<i>Adjustments for:</i>		
Depreciation charges	3,924	4,191
Amortization of intangible assets	3,243	111
Interest received	(623)	(131)
Interest expense	2,703	4,196
Profit on disposal of property, plant and equipment	(1,423)	(975)
	<u>23,981</u>	<u>15,486</u>
Change in inventories	3,934	(7,023)
Change in trade and other receivables	(310)	(1,148)
Change in trade and other payables	23,652	(1,538)
Changes in associated company balances	<u>(4,136)</u>	<u>(182)</u>
Cash generated from operations	47,121	5,595
Interest received	623	131
Interest paid	(2,703)	(4,196)
Income taxes paid	<u>(4,933)</u>	<u>(3,114)</u>
Net cash flow from operating activities	40,108	(1,584)
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,405)	(4,402)
Proceeds from sale of property, plant and equipment	1,633	975
Purchase of intangible asset – software	-	(882)
Net cash flow used in investing activities	<u>(6,772)</u>	<u>(4,309)</u>
Cash flows used in financing activities		
Dividend paid	<u>(8,338)</u>	<u>(3,379)</u>
Net cash flow from financing activities	<u>(8,338)</u>	<u>(3,379)</u>
Net increase/ (decrease) in cash and cash equivalents	<u>24,998</u>	<u>(9,272)</u>
Analysis of changes in cash and cash equivalents during the year		
Balance at 1 January	(18,592)	(9,320)
Net increase / (decrease) in cash and cash equivalent	<u>24,998</u>	<u>(9,272)</u>
Balance at 31 December	<u>6,406</u>	<u>(18,592)</u>
Analysis of balances of cash and cash equivalents as shown in the balance sheet Cash and Bank balances		
Bank overdraft	<u>(4,380)</u>	<u>(31,519)</u>
	<u>6,406</u>	<u>(18,592)</u>

The notes on page 14 to 41 are an integral part of these financial statements.

Notes to the Financial Statements for the year ended 31 December 2009

1. REPORTING ENTITY

Total Petroleum Ghana Limited is a company registered and domiciled in Ghana. The address of the company's registered office can be found on page 2 of the annual report. The company is authorised to carry on the business of marketing of petroleum and allied products.

2. BASIS OF PREPARATION

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB).

b. Basis of measurement

They are prepared on the historical cost basis except for financial instruments and other assets that are stated at fair values.

c. Functional and presentational currency

The financial statements are presented in Ghana cedis (GHC) which is the company's functional currency.

d. Use of estimates and judgement

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

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in notes 4.

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the company.

a. Financial Instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investment in shares and treasury bills, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instrument not at fair value through profit and loss, any directly attributable transaction cost. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses, if any.

Non-derivative financial instruments are categorised as follows:

- **Loans and receivables** – these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortised cost using the effective interest rate method, less any impairment losses. Loans and receivables comprise trade and other receivables.
- **Financial liabilities measured at amortised cost** – this relates to all other liabilities that are not designated at fair value through profit or loss.
- **Available-for-sale financial assets** – The company's investments in shares are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

(ii) Off setting

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

Income and expenses are presented on a net basis when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

(iii) Amortised cost measurement

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

*(iv) Stated capital (share capital)***ORDINARY SHARES**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase of stated capital (treasury shares)

When stated capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effects, and is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on transaction is transferred to/ from retained earnings.

(b) Leases*(i) Classification*

Leases that the company assumes substantially all the risks and rewards of ownership of the underlying asset are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and present value of the minimum lease payments. Subsequent to initial recognition, the leased asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are classified as operating leases.

(ii) Lease Payments

Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Minimum lease payments made under finance leases are apportioned between the finance expense and as reduction of the outstanding lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Notes to the Financial Statements for the year ended 31 Dec, 2009 cont'd

(c) Property, plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

(ii) Subsequent costs

The cost of replacing part of an item of property, plant or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in statement of comprehensive income as incurred.

(iii) Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold Properties	-	20-50 years
Distribution and Service Station Plants	-	10-20 years
Furniture, Equipment and Motor Vehicles	-	5-20 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date. Gains and losses on disposal of property, plant and equipment are included in the statement of comprehensive income.

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

(d) Intangible Assets

(i) Software

Software acquired by the company is stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is ten years.

(ii) Goodwill

Goodwill arising on acquisition represents the excess of acquisition costs over the company's interest in the fair value of net identifiable assets acquired. Goodwill is stated at cost less any accumulated impairment loss.

Goodwill is not amortised, rather it is reviewed for impairment annually. Any impairment loss is charged to the statement of comprehensive income.

Any excess of fair value of net assets acquired over and above the total cost of acquisition (negative goodwill) is recognised in the statement of comprehensive income in the period of acquisition.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

(f) Trade and Other Receivables

Trade receivables are stated at amortised costs, less impairment losses. Specific allowances for doubtful debts are made for receivables of which recovery is doubtful.

Other receivables are stated at their cost less impairment losses.

(g) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and bank balances and these are carried at amortised cost in the statement of financial position.

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

(h) Employee Benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contribution schemes are recognised as an expense in the statement of comprehensive income when they are due.

(i) Revenue

(i) Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, taxes and volume rebates. Revenue is recognised when the significant risks and rewards of the ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement in the goods, and the amount of revenue can be measured reliably.

(ii) Sale of services

Revenue from services rendered is recognised in the statement of comprehensive income when the service is performed.

(j) Finance Income and Expense

Finance income comprises interest income on funds invested (including available-for-sale financial assets) and dividend income. Interest income is recognised in the statement of comprehensive income using the effective interest method. Dividend income is recognised in profit or loss on the date that the company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in the statement of comprehensive income using the effective interest method.

(k) Impairment

(i) Financial assets

A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statement of comprehensive income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

(ii) Non-financial assets

The carrying amounts of the company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

(l) Income Tax

Income tax expense comprises current and deferred tax. The company provides for income taxes at the current tax rates on the taxable profits of the company.

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Dividend

Dividend payable is recognised as a liability in the period in which they are declared.

(n) Post Balance Sheet Events

Events subsequent to the reporting date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

(o) Segment Reporting

A segment is a distinguishable component of the company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(p) Earnings per Share

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

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

(q) Comparatives

Where necessary the comparative information has been changed to agree to the current year presentation.

(r) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2009, and have not been applied in preparing these financial statements.

- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Right Issues allows rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This standard will be mandatory effective 1 February 2010.
- IFRS 9 Financial Instruments, the first standard issued as part of a wider project to replace IAS 39 will be mandatory effective 1 January 2013. This standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. Prior periods need not be restated if an entity adopts the standard for reporting periods beginning before 1 January 2012.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments provides guidance on the accounting for debt for equity swaps. This standard will be mandatory effective 1 July 2010.
- IFRS 3 Business Combinations will become mandatory for the 31 December 2010 financial statements. This standard requires all future transaction costs relating to business combinations to be expensed and contingent purchase consideration recognised at fair value at acquisition date. For successive share purchases, any gain or loss for the difference between the fair value and the carrying amount of the previously held equity interest in the acquiree must be recognised in profit and loss. It is not expected to have any impact on the company's financial statements.
- IAS 24 Related Party Disclosures (revised 2009) amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. This standard will be mandatory effective 1 January 2011.

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

4. DETERMINATION OF FAIR VALUES

A number of the company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the current market rate of instruments with similar credit risk profile and maturity at the reporting date. Receivables due within 6-month period are not discounted as the carrying values is approximate to their fair values.

(ii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Instruments with maturity period of 6 months are not discounted as their carrying values approximate their fair values.

(iii) Investments in equity

The fair value of available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date.

5. SEGMENT REPORTING*(i) Segmental information is presented in respect of the company's business segments. The primary format and business segments, is based on the company's management and internal reporting structure.*

The company's results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses which are managed centrally.

The three main business segments reported are:

- Network
- Commercial sale; and
- Others

The company does not have a geographical segment.

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

5. SEGMENT REPORTING cont'd

		2009 GH¢'000	2008 GH'000
Network			
	Net Turnover	337,583	319,359
	Cost of Sales	(314,658)	(301,307)
	Gross Margin	22,925	18,052
Commercial			
	Net Turnover	125,875	130,714
	Cost of Sales	(113,037)	(122,536)
	Gross Margin	12,838	8,178
Others			
	Net Turnover	78,981	116,441
	Cost of Sales	(74,698)	(110,258)
	Gross Margin	4,283	6,183
Other Income		<u>10,947</u>	<u>7,182</u>
Total Gross Income		50,993	39,595
Unallocated Expenses		<u>(32,756)</u>	<u>(27,436)</u>
Results from Operating Activities		18,237	12,159
Net Finance Costs		(2,080)	(4,065)
Income Tax		<u>(2,991)</u>	<u>(1,874)</u>
Profit for the year		<u>13,166</u>	<u>6,220</u>
Total Assets		<u>143,835</u>	<u>148,151</u>
Total Liabilities		<u>83,426</u>	<u>92,570</u>
Other Segment Items			
Depreciation and Amortisation		<u>7,167</u>	<u>4,302</u>

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

6. REVENUE

	2009 GH¢'000	2008 GH'000
Gross Sales Value	622,778	668,662
Less: Customs Duty and Levies	(80,339)	(102,148)
Net Sales Value	<u>542,439</u>	<u>566,514</u>

7. OTHER INCOME

	2009 GH¢'000	2008 GH'000
Rent income	2,245	1,892
Profit on disposal of property plant and equipment	1,423	975
Gain on exchange	3,398	1,777
Others	<u>3,881</u>	<u>2,538</u>
	<u>10,947</u>	<u>7,182</u>

8. PROFIT BEFORE TAX IS STATED AFTER CHARGING

	2009 GH¢'000	2008 GH'000
Personnel cost (note 9)	5,415	4,153
Auditors remuneration	66	56
Depreciation	3,924	4,191
Amortisation of software	234	111
Directors emoluments	203	128
Donation	<u>65</u>	<u>51</u>

9. PERSONNEL COSTS

	2009 GH¢'000	2008 GH'000
Wages and salaries	3,656	2,974
Social security contributions	337	280
Other staff expenses	<u>1,422</u>	<u>899</u>
	<u>5,415</u>	<u>4,153</u>

The average number of persons employed by the company during the year was 148 (2008: 136).

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

10. TAXATION

(i) Income tax expense

	2009 GH¢'000	2008 GH'000
Current tax expense 10 (ii)	4,466	3,133
Deferred tax expense (11)	(1,475)	(1,259)
	<u>2,991</u>	<u>1,874</u>

Deferred tax expense relates to the origination and reversals of temporary differences.

(ii) Taxation payable

	Balance at 1/1/09 GH¢'000	Payments during the year GH¢'000	Charged to P/L account GH¢'000	Balance at 31/12/09 GH¢'000
Income Tax				
Up to 2003	(82)	-	-	(82)
2004	(170)	-	-	(170)
2005	(281)	-	-	(281)
2006	309	-	-	309
2007	(43)	-	-	(43)
2008	(249)	-	-	(249)
2009	-	(4,466)	4,466	-
Withholding Tax	(189)	(467)	-	(656)
National Reconstruction Levy				
Up to 2006	(29)	-	-	(29)
	<u>(734)</u>	<u>(4,933)</u>	<u>4,466</u>	<u>(1,201)</u>

Tax liabilities up to and including the 2005 year of assessment have been agreed with the tax authorities. The remaining liabilities are however subject to agreement with the tax authorities.

National Reconstruction Levy: This relates to a levy imposed on companies by the Government on profits before tax between 2001 and 2005. This levy has been abolished.

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

(iii) Reconciliation of effective tax rate

	2009 GHc'000	2008 GH'000
Profit before taxation	<u>16,157</u>	<u>8,094</u>
Income tax using the domestic tax rate (25%)	4,039	2,274
Non-deductible expenses	2,427	1,398
Tax incentives not recognised in the income statement	(2,000)	(539)
Deferred tax	<u>(1,475)</u>	<u>(1,259)</u>
Current tax charge	<u>2,991</u>	<u>1,874</u>
Effective tax rate	19%	23.15%

11. DEFERRED TAXATION

	2009 GHc'000	2008 GH'000
Balance at 1 January	5,500	6,759
Charged for the year	<u>(1,475)</u>	<u>(1,259)</u>
Balance at 31 December	<u>4,025</u>	<u>5,500</u>

(ii) Recognised deferred tax assets and liabilities.

Deferred tax liabilities are attributable to the following:

	Assets GHc'000	Liabilities GHc'000	2009 Net GHc'000	Assets GHc'000	Liabilities GHc'000	2008 Net GHc'000
Property, plant and equipment	-	4,512	4,512	-	6,097	6,097
Others	<u>(487)</u>	-	<u>(487)</u>	<u>(597)</u>	-	<u>(597)</u>
Net tax (assets)/liabilities	<u>(487)</u>	<u>4,512</u>	<u>4,025</u>	<u>(597)</u>	<u>6,079</u>	<u>5,500</u>

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Properties	Distribution Service Station Plants	Furniture Equipment & Motor Vehicle	Capital Work-in Progress	Total
	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000
Cost					
At 1/1/2009	12,355	31,100	6,289	3,997	53,741
Additions	81	1,069	365	6,890	8,405
Transfers	3,281	578	(318)	(3,541)	-
Disposal	-	(164)	(184)	-	(348)
At 31/12/2009	<u>15,717</u>	<u>32,583</u>	<u>6,152</u>	<u>7,346</u>	<u>61,798</u>
Accumulated Depreciation					
At 1/1/2009	1,756	7,221	3,176	-	12,153
Charge for the year	779	2,781	364	-	3,924
Release on Disposals	-	(9)	(129)	-	(138)
At 31/12/2009	<u>2,535</u>	<u>9,993</u>	<u>3,411</u>	<u>-</u>	<u>15,939</u>
Carrying Amount					
At 31/12/2009	<u>13,182</u>	<u>22,590</u>	<u>2,741</u>	<u>7,346</u>	<u>45,859</u>

	Leasehold Properties	Distribution Service Station Plants	Furniture Equipment & Motor Vehicle	Capital Work-in Progress	Total
	GHC'000	GHC'000	GHC'000	GHC'000	GHC'000
Cost					
At 1/1/2008 (Restated)	11,941	22,081	5,751	9,576	49,349
Additions	4	4	70	4,324	4,402
Transfers	410	9,021	472	(9,903)	-
Disposal	-	(6)	(4)	-	(10)
At 31/12/2008	<u>12,355</u>	<u>31,100</u>	<u>6,289</u>	<u>3,997</u>	<u>53,741</u>
Accumulated Depreciation					
At 1/1/2008	1,132	4,145	2,695	-	7,972
Charge for the year	624	3,082	485	-	4,191
Release on Disposals	-	(6)	(4)	-	(10)
At 31/12/2008	<u>1,756</u>	<u>7,221</u>	<u>3,176</u>	<u>-</u>	<u>12,153</u>
Carrying Amount					
At 1/1/2008	<u>10,809</u>	<u>17,936</u>	<u>3,056</u>	<u>9,576</u>	<u>41,377</u>
At 31/12/2008	<u>10,599</u>	<u>23,879</u>	<u>3,113</u>	<u>3,997</u>	<u>41,588</u>
At 31/12/2009	<u>13,182</u>	<u>22,590</u>	<u>2,741</u>	<u>7,346</u>	<u>45,859</u>

Notes to the Financial Statements for the year ended 31 Dec, 2009 cont'd

Profit on disposal of property, plant and equipment

	2009 GH¢'000	2008 GH'000
Cost	348	10
Accumulated Depreciation	(138)	(10)
Net Book Value	210	-
Sale proceeds	(1,633)	(975)
Profit on disposal	(1,423)	(975)

13. INTANGIBLE ASSETS

	2009 GH¢'000	2008 GH'000
Software Cost (Note 13(a))	655	889
Goodwill (Note 13(b))	12,083	15,092
	<u>12,738</u>	<u>15,981</u>

(A) SOFTWARE COST

	2009 GH¢'000	2008 GH'000
Balance at 1 January	<u>1,111</u>	<u>1,111</u>
Balance at 31 December	<u>1,111</u>	<u>1,111</u>
Amortisation		
Balance at 1 January	222	111
Amortisation for the year	234	111
Balance at 31 December	<u>456</u>	<u>222</u>
Carrying amount		
At 31 December	<u>655</u>	<u>889</u>

This relates to the cost of purchased software.

(B) GOODWILL

	2009 GH¢'000	2008 GH'000
Balance at 1 January (as restated)	15,092	14,210
Addition	-	882
Balance at 31 December	<u>15,092</u>	<u>15,092</u>

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

	2009 GH¢'000	2008 GH'000
Impairment		
Balance at 1 January	-	-
Change for the year	3,009	-
Balance at 31 December	3,009	-
Carrying Amount		
At 31 December	12,083	15,092

This relates to goodwill arising on the acquisition of Total Ghana Limited in 2006.

14. LONG TERM INVESTMENTS

(a) Total Investments in Securities

	2009 GH¢'000	2008 GH'000
Investment in Associated Companies	12	12
Trade Investments	2	2
Balance at 31 December	14	14

(b) Associated Companies

Ghana Bunkering Services Limited	12	12
Road Safety Limited (RSL)	-	-
Balance at 31 December	12	12

(c) Trade Investments

Tema Lube Oil Company Limited	2	2
	14	14

This represents investments in:

Ghana Bunkering Services Limited

The investment in Ghana Bunkering Limited represents shares, held by the company conferring the right to exercise 48.5% 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.

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

Road Safety Limited (RSL)

The company has a 50% interest in RSL (formerly, Petroleum Road Transport Safety Limited), 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.

15. INVENTORIES

	2009 GH¢'000	2008 GH'000
<i>Trading</i>		
Lubricants	6,054	9,076
Bitumen	2,140	1,729
Fuel	1,884	775
Additives	2,921	4,683
TOM Cards	37	40
<i>Non-Trading</i>		
Materials and Supplies	<u>1,276</u>	<u>1,943</u>
	14,312	18,246

16. TRADE AND OTHER RECEIVABLES

	2009 GH¢'000	2008 GH'000
Trade receivables due from customers	53,355	54,996
Other receivables	2,990	591
Staff Debtors	314	588
Prepayments	<u>2,266</u>	<u>2,440</u>
	58,925	58,615

17. CASH AND CASH EQUIVALENTS

	2009 GH¢'000	2008 GH'000
Bank balances	<u>10,786</u>	<u>12,927</u>
	10,786	12,927

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

18. BANK OVERDRAFT

	2009 GH¢'000	2008 GH'000
Barclays Bank Ghana Limited	458	84
Agricultural Development Bank Ghana Limited	25	201
Ecobank Ghana Limited	-	17,656
Standard Chartered Bank Ghana Limited	994	6,540
Ghana Commercial Bank Limited	1	26
SG-SSB Ghana Limited	2,902	6,894
The Trust Bank Ghana Limited	-	9
National Investment Bank Limited	-	109
	<u>4,380</u>	<u>31,519</u>

a) Ecobank Ghana Limited

The company has an unsecured overdraft facility not exceeding GH¢21.7 million with Ecobank to finance the company's receivables, additions to inventories and other operational bills. The facility expires on 30 September 2010.

b) Standard Chartered Bank Ghana Limited

The company has an unsecured overdraft facility not exceeding GH¢12.3 million with Standard Chartered Bank Ghana Limited to finance working capital. The renewal of the facility for 2010 is ongoing.

c) SG-SSB Ghana Limited

The company has an unsecured overdraft facility not exceeding GH¢6.6 million with SG-SSB Ghana Limited to augment working capital. The facility is a revolving one, renewable every year.

d) Interest rate for A to C falls within 17% (BoG) and 30% maximum.

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

19. STATED CAPITAL

(a) Ordinary shares

	2009	2009	2008	2008
	No of Shares	GHC'000 Proceeds	No of Shares	GHC'000 Proceeds
Authorised:				
Ordinary Shares of no par value	50,000,000		50,000,000	
Issued and fully paid For cash	610,000	22	610,000	22
For consideration other than cash	10,069,259	49,694	10,069,259	49,694
Capitalisation issue	3,305,000	6	3,305,000	6
	<u>13,984,259</u>	<u>49,722</u>	<u>13,984,259</u>	<u>49,722</u>

The holders of the ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the company.

20. EARNINGS PER SHARE

(i) Basic

The holders of the ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the company..

	2009 GHC'000	2008 GH'000
Profit attributable to equity holders of the Company (expressed in GHC'000)	13,166	6,220
Weighted average number of ordinary shares in issue	<u>13,984,259</u>	<u>13,984,259</u>
Basic earnings per share (expressed in GHC per share)	<u>0.9415</u>	<u>0.4448</u>
Diluted earnings per share (expressed in GHC per share)	<u>0.9415</u>	<u>0.4448</u>

(ii) Diluted

Diluted earning per share is calculated by adjusting the weighted average number of ordinary shares, to assume of all dilutive potential ordinary shares. At 31 December 2009 and 2008, the company had no dilutive potential ordinary shares.

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

21. TRADE AND OTHER PAYABLES

	2009 GH¢'000	2008 GH'000
Trade payables due to related parties	45,848	25,957
Non-trade payables and accrued expenses	15,417	1,504
Accrued Charges	10,903	21,055
	<u>72,168</u>	<u>48,516</u>

22. FINANCIAL RISK MANAGEMENT

(i) Overview

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

- Credit risk
- Liquidity risk
- Market risks

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

Risk management framework

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The board's audit committee is responsible for monitoring compliance with the company's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the company.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The audit committee gain assurance in relation to the effectiveness of internal control and risk management from: summary information in relation to the management of identified risks; detailed review of the effectiveness of management of selected key risks; results of management's self assessment process over internal control; and the independent work of the Global Audit and Risk function, which ensures that the audit committee and management understand the company's key risks and risk management capability; sets standards on governance and compliance; and provides assurance over the quality of the company's internal control and management of key risks.

The company also has in place an internal audit department, which monitors compliance with internal procedures and processes and also assesses the effectiveness of internal controls.

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

(ii) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterpart to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivable from customers.

Trade and other receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit control committee has established a credit policy under which a new customer is analysed individually for credit worthiness before the company's standard payment terms and conditions are offered. The company generally trades with pre-defined and selected customers. Credit exposure on trade receivable is covered by customers issuing post-dated cheques to cover amount owed, as well the use of customer's security deposits.

Allowances for impairment

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

Exposure to credit risks

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

	2009 GH¢'000	2008 GH'000
Trade and other receivables	58,925	58,615
Amount due from related companies	-	46
Cash and cash equivalents	10,786	12,927
	<u>69,711</u>	<u>71,588</u>

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

	2009 GH¢'000	2008 GH'000
Individuals and companies	53,355	54,996

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

Impairment losses

The aging of trade receivables at the reporting date was:

	2009		2008	
	Gross	Impairment	Gross	Impairment
	GHC'000	GHC'000	GHC'000	GHC'000
Current (less than 30 days)	42,041	-	32,324	-
Due but not impaired (30-180 days)	5,210	-	18,544	-
Impaired (more than 180 days)	12,859	6,755	10,183	6,055
	<u>60,110</u>	<u>6,755</u>	<u>61,051</u>	<u>6,055</u>

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

	2009	2008
	GHC'000	GHC'000
Balance at 1 January	6,055	4,960
Impairment loss recognised	<u>700</u>	<u>1,095</u>
Balance at 31 December	<u>6,755</u>	<u>6,055</u>

Based on historical default rates, the company believes that no impairment is necessary in respect of trade receivables past due up to 180 days. However, impairment loss has been recognised for specific customers whose debts are considered impaired.

No impairment loss was recognised for financial assets other than trade receivables.

(iii) Liquidity risk

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

The following are contractual maturities of financial liabilities:

31 December 2009

	Amount	6 mths or less	6-12 mths	1-3 years
	GHC'000	GHC'000	GHC'000	GHC'000
Non-derivative financial liability				
Trade and other payables	72,168	72,168	-	-
Bank overdraft	<u>4,380</u>	<u>4,380</u>	-	-
Balance at 31 December 2009	<u>76,548</u>	<u>76,548</u>	-	-

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

31 December 2008

	Amount GH¢'000	0 - 6 mths GH¢'000	6-12 mths GH¢'000	1-3 years GH¢'000
Non-derivative financial liability				
Trade and other payables	48,516	48,516	-	-
Bank overdraft	31,519	31,519	-	-
Balance at 31 December 2008	80,035	80,035	-	-

(iv) Market risks

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

Foreign currency risk

The company is exposed to currency risk on purchases and borrowings that are denominated in currencies other than the functional currency. The currencies in which these transactions primarily are denominated are Euro, Great British Pounds and US Dollars.

Currency Risk

The company's exposure to foreign currency risk was as follows based on notional amounts.

	31 December 2009		31 December 2008	
	EURO	USD	EURO	USD
Bank overdraft	-	-	(1,267)	(111,177)
Intercompany balances	(1,326,893)	(105,461)	(2,876,940)	(1,679,901)
Bank balances	14,196	4,014,941	-	8,942,134
Trade payables	-	(11,842,621)	-	(5,998,193)
Gross exposure	(1,312,697)	(7,933,141)	(2,878,207)	1,152,863

The following significant exchange rates applied during the year:

	Average Rate		Reporting Rate	
	2009	2008	2009	2008
Ghana Cedi:				
Euro 1	2.1137	1.5627	2.0831	1.7399
USD 1	1.4462	1.0667	1.4441	1.2345

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

Sensitivity analysis on currency risks

The following table shows the effect of a strengthening or weakening of GH¢ against all other currencies on the company's statement of comprehensive income. This sensitivity analysis indicates the potential impact on the statement of comprehensive income based upon the foreign currency exposures recorded at December 31. (See "currency risk" above) and it does not represent actual or future gains or losses. The sensitivity analysis is based on the percentage difference between the highest daily exchange rate and the average exchange rate per currency recorded in the course of the respective financial year.

A strengthening/ weakening of the GH¢, by the rates shown in the table, against the following currencies at 31 December have increased/decreased equity and statement of comprehensive income by the amounts shown below.

This analysis assumes that all other variables, in particular interest rates, remain constant.

As of 31 December	2009			2008		
In GH¢	% Change	Statement of comprehensive income impact: Strengthening GH¢'000	Statement of comprehensive income impact: Weakening GH¢'000	% Change	Statement of comprehensive income impact: Strengthening GH¢'000	Statement of comprehensive income impact: Weakening GH¢'000
Euro	±7%	191	(191)	±7%	342	(342)
US\$	±5%	573	(573)	±5%	(70)	70

Interest rate risk

Profile

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

	Carrying amounts	
	2009 GH¢'000	2008 GH'000
Variable rate instrument		
Financial liabilities	4,380	31,519

Fair value sensitivity analysis for fixed rate instrument

The company did not have fixed rate instrument at 31 December 2009 and also at 31 December 2008.

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

Cash flow sensitivity analysis for variable rate instrument

A change of 200 basis points in interest rate at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

	Carrying amounts	
	200bp Increase GH¢'000	200bp Decrease GH¢'000
Effect in cedis		
31 December 2009		
Variable rate instrument	261	-
31 December 2008		
Variable rate instrument	325	-

Fair values**Fair values versus carrying amounts**

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

	31 December 2009		31 December 2008	
	Carrying Amount GH¢'000	Fair Value GH¢'000	Carrying Amount GH¢'000	Fair Value GH¢'000
(i) Loans and receivables				
Trade and other receivables	58,925	58,925	58,615	58,615
Cash and cash equivalents	10,786	10,786	12,927	12,927
	<u>69,711</u>	<u>69,711</u>	<u>71,542</u>	<u>71,542</u>

	31 December 2009		31 December 2008	
	Carrying Amount GH¢'000	Fair Value GH¢'000	Carrying Amount GH¢'000	Fair Value GH¢'000
(ii) Other financial liabilities				
Trade and other payables	72,168	72,168	48,516	48,516
Bank overdraft	4,380	4,380	31,519	31,519
	<u>76,548</u>	<u>76,548</u>	<u>80,035</u>	<u>80,035</u>

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

23 RELATED PARTY TRANSACTIONS

- i. The company is a subsidiary of Total Outre-Mer S. A., a company registered in Paris, France.
- ii. Chemical additives and consumables costing GH¢28,992,340 (2008: GH¢35,540,967) were procured from Total Outre-Mer S. A..
- iii. Included in general and administrative expenses is an amount of GH¢ 6,411,539.(2008: GH¢4,968,986) in respect of technical assistance fee payable to Total Outre-Mer S. A..

Outstanding balances in respect of transactions with related parties at the year end were as follows:

(a) Amount due from group companies

	2009 GH¢'000	2008 GH'000
Total - Burkina	-	7
Total - Mali	-	2
Total - Togo	-	42
Total - Nigeria	-	(5)
	<u>-</u>	<u>46</u>

(b) Amount due to group companies

	2009 GH¢'000	2008 GH'000
Total Outre-Mer S.A.	2,793	6,845
Air Total International	<u>60</u>	<u>190</u>
	<u>2,853</u>	<u>7,035</u>

24. DIVIDENDS

After the reporting date the following dividends were proposed by the directors. The dividends have not been provided for and there are no income tax consequences on the company's position.

	2009 GH¢'000	Restated 2008 GH'000
GH¢0.71285 per qualifying ordinary shares (2008:GH¢0.3781)	<u>9,969</u>	<u>5,287</u>

25. CAPITAL COMMITMENTS

There were no commitments for capital expenditure not provided for at the reporting date and also at 31 December 2009.

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

26. EMPLOYEE BENEFITS

Defined Contribution Plans

(i) Social Security

Under a national defined benefit pension scheme, the company contributes 12.5% of employees' basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The company's obligation is limited to the relevant contributions, which were settled on due dates. The pension liabilities and obligations, however, rest with SSNIT.

(ii) Provident Fund

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

27. SHAREHOLDING INFORMATION*(i) Directors' Shareholding*

The Director named below held the following number of shares in the company as at 31 December 2009:

	2009 GH¢'000	2008 GH'000
Ordinary Shares		
Edward Patrick Larbi Gyampoh	<u>2,625</u>	<u>2,625</u>

(ii) Number of Shares in Issue

Earnings and dividend per share are based on 13,984,259 (2008: 13,984,259) ordinary shares in issue during the year.

(iii) Number of Shareholders

The company had 13,984,259 ordinary shareholders as at 31 December 2009 distributed as follows:

	Holdings	No. of Holders	Total Holding	% Holding
1 -	1,000	3,737	748,278	5.35
1,001 -	5,000	113	186,662	1.33
5,001 -	10,000	6	41,890	0.30
10,001 and over		<u>12</u>	<u>13,007,429</u>	<u>93.02</u>
		<u>3,868</u>	<u>13,984,259</u>	<u>100.00</u>

Notes to the Financial Statements for the year ended 31 Dec. 2009 cont'd

(iv) List of twenty largest shareholders as at 31 December 2009

Names of Shareholders	Number of Shares Held	% Holding
Total Outre Mer S.A.	6,100,320	43.62
Total Africa Limited	4,630,949	33.12
National Investment Bank	1,244,879	8.90
Social Security & National Insurance Trust	365,443	2.61
Total Staff Provident Fund	348,566	2.49
Ghana Oil Company Limited	130,066	0.93
SSNIT SOS Fund	52,669	0.38
Mobil Oil Ghana Limited Employees	47,250	0.34
Mr. A. N. Kwabi	31,750	0.23
Dr. J. A. Blankson	25,249	0.18
NTHC Limited	17,227	0.12
Afrigha Tech & Mech Const.	13,061	0.09
Mr. B. K. Glymin Jnr.	8,369	0.06
Dr. E. E. Sackey	7,438	0.05
Mad. K. A. Otoo	7,438	0.05
Mr. F. K. Poku	6,738	0.05
Equity Focus	6,010	0.04
HFC Equity Fund	5,897	0.04
SEM Capital Management Ltd	4,045	0.03
M. Boateng	<u>3,900</u>	<u>0.03</u>
REPORTED TOTALS	<u>13,057,264</u>	<u>93.36</u>

TOTAL

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TOTAL

Network And Commercial Development

Launch of Total Quartz 4X4

Total Petroleum Ghana Limited has once again shown its market leadership position with the introduction of another innovation onto the Ghanaian market - **Total Quartz 4X4**.

This follows closely on the heels of the introduction of a new fuel brand, Total Effimax onto the market.

The **Total Quartz 4X4** is yet another invention of Total to satisfy an ever-increasing sophisticated customer base, which is looking for quality but affordable lubricants for their 4X4 vehicles.

The TOTAL QUARTZ 4X4 offers a unique experience to our cherished customers in the 4WD category.



Launch of Total Quartz 4X4



Ghana took the Grand Prize at the Top Oscars

More International Laurels

Year 2009 saw Total Petroleum Ghana Limited winning several awards both internationally and locally.

Having won the "Club Elite" Special Award in 2008, we annexed **THREE** Top Oscar Awards in 2009:

- First Prize in the Retail Network (Heavy Weight Category)
- Third Prize in Specialties and General Trade (Heavy Weight Category)
- Overall Grand Prize in the Retail Network (Across all Categories)

Network And Commercial Development *cont'd*

...And at the local level as well

Total Petroleum Ghana Limited has through hard work moved a step further to win a Platinum Award from the Ashanti Business Excellence Awards Committee for its "Immense Contribution to the Economic Development of the Ashanti Region". This follows a Gold Award conferred by the same institution in 2008 for being the Oil Marketing Company of the Year.

This is a testimony of the various investment projects that Total Petroleum Ghana Limited has initiated in the Ashanti Region, and indeed across the country.



Kumasi Team Receives Platinum Award



Total on Display at Auto Exhibition

Total Exhibits at Auto Fair

Total Petroleum Ghana Limited stole the show at the first ever Auto Fair organised by the Business & Financial Times. The two-day show attracted several players in the transport industry and created a platform for stakeholders to showcase its products to the motoring public.

The fair, sponsored by Total Petroleum Ghana Limited, afforded the Company the opportunity to present its flagship products such as Total Effimax, Tomcard and car care products to the general public, including high-powered government officials.

The First Ever Dealer Convention

In recognition of the tireless efforts of one of its major stakeholders, Total Petroleum Ghana Limited organised the first ever Dealer Convention at the beginning of the year, under the theme "Together We Can". The programme brought together all Dealers in the Total Network, the entire Marketing team and the various Heads of Department.

The action-packed programme provided a platform to deliberate on the way forward for the business.

An awards night and dinner dance was also held for the Dealers to reward deserving performances in the preceding year.



A section of the Kumasi Area Dealers with the Marketing Manager

Corporate Social Responsibility

As a responsible Corporate Entity, we ensure that our business impacts positively on the lives of those we come into contact with. Our Health, Safety, Environment and Quality Policy continues to guide all our business activities

Launch of "Total Caravan for Safety" Project

Safety continues to be the overriding principle in our daily operations. As part of our Corporate Social Responsibility and in collaboration with various stakeholders in the Energy and Transport Industry, a Road Safety Campaign dubbed the "Total Caravan for Safety" Project was launched at Asuboi in the Suhum-Kraboa Coaltar District of the Eastern Region.

The launch was strategically planned to coincide with the end-of-year festivities, as statistics indicate that the spate of road traffic accidents mostly intensified during the period.

As part of the campaign aimed at educating the general public and creating awareness, a Community Disaster Volunteer Group was launched at Asuboi.



Dignitaries at the Launch



Children Play & Learn on World Malaria Day

Teaching the Children to fight Malaria

In support of World Malaria Day, which fell on April 25th, the Company launched a series of educational activities throughout the country to increase awareness about the dangers of Malaria.

The activities included a children's day and the distribution of leaflets on Malaria prevention, at all service stations nationwide.

With children being the main focus of the campaign, the event gave the children the opportunity to play and learn about the prevention and treatment of Malaria

Corporate Social Responsibility *cont'd*

World AIDS Day

With the support of the West Africa AIDS Foundation, an interactive session was held mainly for the truck drivers who travel long distances to supply fuel to our various service stations.

Recognising the fact that this segment was also at risk of contracting the HIV virus during the course of their duties, the Company organised a sensitization workshop for the various truck drivers and provided them with a platform to discuss various challenges associated with HIV.

Sponsorships

Health, Education and Culture took centre stage in our local community initiatives in 2009.



Open Forum for Depot Staff & Truck Drivers



Managing Director in a Dialogue with His Royal Majesty

Otumfuo Education Fund

The Otumfuo Education Fund benefited from a \$10,000 USD donation to continue with the educational drive for needy but brilliant students

Komfo Anokye Teaching Hospital also benefited

Also, in the Ashanti Region, the Komfo Anokye Teaching Hospital received some support towards the organisation of a Breast Cancer Awareness Week.

Fetu-Afahye

...and in the Central Region, Total Petroleum Ghana Limited donated some cash and tee shirts to the Chiefs and People of Oguaa Traditional Area towards the celebration of their Fetu-Afahye Festival.

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**Protection
& Comfort**

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Email: tomcard@totalmkt-gh.com

www.total-ghana.com



You know where to turn

TOTAL

Proxy Form

PROXY FORM FOR USE AT THE ANNUAL GENERAL MEETING TO BE HELD AT THE NATIONAL THEATRE, LIBERIA ROAD, ACCRA ON THE 2ND DAY OF JUNE 2010 AT 11.00 O'CLOCK IN THE FORENOON

I/We _____ being member(s)
of **TOTAL PETROLEUM GHANA LIMITED** hereby appoint _____ or failing him/her the Chairman
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 the **2nd day of June, 2010** and at any and every adjournment thereof.

This form to be used:-

1.	<u>*in favour of</u> <u>against</u>	the Resolution to adopt the Reports of the Directors, Auditors and the Financial Statements of the Company for the year ended 31st December 2009.
2.	<u>*in favour of</u> <u>against</u>	the Resolution to declare final dividend for the year ended 31st December 2009 as recommended by the Directors.
3.	<u>*in favour of</u> <u>against</u>	the Resolution to appoint Mr. Ronan Bescond as a Director of the company.
4.	<u>*in favour of</u> <u>against</u>	the Resolution to appoint Mr. K. Owusu-Tweneboaa as a Director of the company.
5.	<u>*in favour of</u> <u>against</u>	the Resolution to re-elect Mr. John Sackah Addo as a Director of the company.
6.	<u>*in favour of</u> <u>against</u>	the Resolution to re-elect Mr. Edward P.L. Gyampoh as a Director of the company.
7.	<u>*in favour of</u> <u>against</u>	the Resolution to re-elect Mr. Rexford Adomako-Bonsu as a Director of the company.
8.	<u>*in favour of</u> <u>against</u>	the Resolution to re-elect Mr. Kofi Ampim as a Director of the company.
9.	<u>*in favour of</u> <u>against</u>	the Resolution to fix the remuneration of the Directors.
10.	<u>*in favour of</u> <u>against</u>	the Resolution to authorise the Directors to fix the remuneration of the Auditors.

On any other business transacted at the meeting and unless otherwise instructed in paragraphs 1 to 10 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 _____ 2010.

Signature of Shareholder

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

1. A member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The Proxy Form has been prepared to enable you exercise your vote if you cannot personally attend.
2. Provision has been made on the Form for MR. STANISLAS MITTELMAN, 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. STANISLAS MITTELMAN.
3. In case of joint holders, each joint holder must sign.
4. If executed by a Corporation, the Proxy Form must bear its Common Seal or be signed on its behalf by a Director.
5. Please sign the above Proxy Form and post it so as to reach the address shown overleaf not later than 4.00 p.m. on Monday, the 31st day of May 2010.
6. The Proxy must produce the Admission Card with the Notice of the Meeting to obtain entrance to the meeting.

SECOND FOLD HERE

Please
affix
stamp

The Secretary
TOTAL PETROLEUM GHANA LIMITED
No. 25 Liberia Road
Total House
P. O. Box 553, Accra, Ghana

FIRST FOLD HERE

THIRD FOLD HERE



TOTAL PETROLEUM GHANA LIMITED
Total House
No. 25 Liberia Road
P. O. Box 553, Accra, Ghana
E-mail: totalgh.inquiry@totalmkt-gh.com
www.total-ghana.com