

TOTAL PETROLEUM GHANA LIMITED



Annual Report **2010**



TOTAL

Total Petroleum Ghana Limited

ANNUAL REPORT AND ACCOUNTS 2010

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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	
K.Owusu-Tweneboa	
Jean-Charles Prével	– (Appointed: 30 November 2010)
Ronan Bescond	– (Resigned: 30 November 2010)

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

	2010	2009	2008	Restated 2007	2006
Turnover (GH¢000)	738,910	542,439	566,514	404,390	177,833
Profit before interest and exchange loss (GH¢000)	27,783	14,839	10,382	13,799	6,026
Net finance Cost (GH¢000)	607	(2,080)	(4,065)	(2,656)	(1,005)
Gain/(Loss) on exchange (GH¢000)	-	3,398	1,777	130	100
Profit before taxation and NRL (GH¢000)	28,390	16,157	8,094	11,273	5,121
Taxation and NRL (GH¢000)	(7,344)	(2,991)	(1,874)	(2,476)	(1,286)
Profit after taxation and NRL (GH¢000)	21,046	13,166	6,220	8,797	3,833
Earning per share (GH¢)	1.5050	0.9415	0.4448	0.6291	0.6114
Dividend per share (GH¢)	1.0535	0.9415	0.3781	0.4964	0.2741
Shareholders equity (GH¢000)	66,206	60,409	55,581	52,740	55,276
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	13,984,259
Fixed assets net book value (GH¢000)	57,287	45,859	41,588	41,377	43,190
Net assets per share (GH¢)	4.7343	4.3198	3.9745	3.7714	3.9527

Chairman's Statement



Mr. Stanislas MITTELMAN

INTRODUCTION

It is with pleasure that I welcome you to our thirty-fifth (35th) Annual General Meeting and to present to you the 2010 Annual Report and Financial Statement.

ECONOMIC ENVIRONMENT

The overall macro economic indicators in Ghana in 2010 showed some significant improvements. Inflation fell from 15.9% at the end of 2009 to a low of 8.58% at the end of 2010. Bank of Ghana prime rate ended the year at 13.5% and the Ghana Cedi stabilized against the Dollar, depreciating only by 1.48%.

FINANCIAL AND OPERATIONAL PERFORMANCE

The company managed to grow sales volumes by 12% over 2009 volumes. All business channels, Aviation, General Trade, Network and Specialties performed well.

The profit after tax for 2010 showed an improvement of 60% at GH¢21.046 million as against GH¢13.186 as reported in 2009. The increase in profit can be attributed to the increase in sales volumes, continued improvement in the working capital management, decrease in the financial costs and overall improvement in margins through innovation and economies of scale.

The Board approved to increase the investment budget in 2010 to GH¢16.292 million from GH¢8.405 million in 2009 and GH¢4.402 million in 2008. The increase in the annual investment budget has allowed your company to invest in its service station network, general trade installations and improve its logistics infrastructure.

Fuel margins were adjusted by 15% in 2010 and the previous adjustment took place in 2008.

DIVIDEND

In October 2010 your Board approved the payment of an interim dividend of GH¢0.3776 per share.

Your Board is recommending a final dividend of GH¢0.6759 per share before tax in respect of the year ended 31st December 2010, culminating in a total dividend of GH¢1.0535 per share to be paid to shareholders in respect of the same year.

BOARD MATTERS

Mr. Ronand BESCOND resigned from the Board on the 30th of November 2010. The Board appointed Mr. Jean-Charles PREVEL representing the TOTAL Group.

At this Annual General Meeting, the Board recommends to shareholders the election of Mr. Jean-Charles PREVEL.

Chairman's Statement *continued*

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

Mr. Stanislas MITTELMAN

Mr. Alain CHAMPEAUX

Mr. K. OWUSU-TWENEBOA

OUTLOOK

The Ghanaian petroleum industry will continue to evolve in terms of the number of oil marketing companies, product offerings, and customer expectations. The importance of a sustainable and reliable fuel supply chain logistics infrastructure will and is becoming a business imperative.

Health, Safety, Environment and Quality (HSEQ) will continue to receive full management attention to ensure that it becomes a part, not only of TOTAL Petroleum Ghana Limited's culture, but of all of our partners.

TOTAL Petroleum Ghana will continue to focus on profitable market growth, strengthen working relationships with all stakeholders and consolidate our position as market leader.

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 2010.

A special thank you to our Dealers, loyal customers and to you our shareholders, for your continued support and the continued confidence in the Board and Staff of TOTAL Petroleum Ghana Limited.

Thank you all for your presence here today.

Stanislas MITTELMAN
Chairman

TOTAL
Effimax
Reduce your consumption

Notice Of Meeting

NOTICE is hereby given that the 35th Annual General Meeting of the Shareholders of Total Petroleum Ghana Limited will be held at the National Theatre, Liberia Road, Accra on Thursday the 19th day of May, 2011 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 2010.
2. To declare Final Dividend in respect of the year ended December 31, 2010.
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 22nd day of March, 2011

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 2010.

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 2010, 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 assessed 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 2010 after taxation is		21,046
to which is added balance on retained earnings account brought forward of		<u>10,687</u>
giving a total of		31,733
out of which the following dividends were declared and paid:		
Final dividend for 2009 at GH¢0.71285 per share	9,969	
Interim dividend for 2010 at GH¢0.3776 per share	<u>5,280</u>	<u>(15,249)</u>
leaving the retained earnings balance of		<u>16,484</u>

The directors recommend the payment of a final dividend of GH¢0.6759 per share amounting to GH¢9,451,960 (2009: GH¢9,968,679) 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 25th March 2011 and are signed on their behalf by:



DIRECTOR



MANAGING 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 2010, 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) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 2010, 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

March 25, 2011

Statement of Financial Position as at 31 December 2010

	Note	2010 GHc'000	2009 GHc'000
Assets			
Property, plant and equipment	12	57,287	45,859
Intangible assets	13	12,460	12,738
Long term investments	14	14	14
Total non-current assets		69,761	58,611
Inventories	15	31,730	14,312
Income tax asset	10	1,281	1,201
Trade and other receivables	16	65,174	58,925
Cash and cash equivalents	17	6,960	10,786
Total current assets		105,145	85,224
Total assets		174,906	143,835
Equity			
Share capital		49,722	49,722
Retained earnings		16,484	10,687
Total equity		66,206	60,409
Liabilities			
Bank overdraft	18	897	4,380
Trade and other payables	21	91,506	72,168
Amount due to related companies	23	12,606	2,853
Total current liabilities		105,009	79,401
Deferred tax liabilities	11	3,691	4,025
Total liabilities		108,700	83,426
Total liabilities and equity		174,906	143,835



DIRECTOR



MANAGING DIRECTOR

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

Statement of Comprehensive Income for the year ended 31 December 2010

	Note	2010 GH¢'000	2009 GH¢'000
Revenue	6	738,910	542,439
Cost of Sales		<u>(673,652)</u>	<u>(502,393)</u>
Gross profit		65,258	40,046
Other Income	7	7,668	10,947
General and Administrative expenses		<u>(45,143)</u>	<u>(32,756)</u>
Operating profit before financing cost		27,783	18,237
Interest income		777	623
Interest expense		<u>(170)</u>	<u>(2,703)</u>
Net Finance Cost		<u>607</u>	<u>(2,080)</u>
Profit before taxation	8	28,390	16,157
Income tax expense	10	<u>(7,344)</u>	<u>(2,991)</u>
Profit for the year		<u>21,046</u>	<u>13,166</u>
Basic earnings per share (Ghana cedi per share)	20	GH¢1.5050	GH¢0.9415
Diluted earnings per share (Ghana cedi per share)	20	GH¢1.5050	GH¢0.9415

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 2010

	Share Capital GH¢'000	Retained Earnings GH¢'000	Total Equity GH¢'000
Balance at 1 January 2010	49,722	10,687	60,409
Profit for the year	-	21,046	21,046
Dividend	-	(15,249)	(15,249)
Balance at 31 December 2010	<u>49,722</u>	<u>16,484</u>	<u>66,206</u>

	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 paid	-	(8,338)	(8,338)
Balance at 31 December 2009	<u>49,722</u>	<u>10,687</u>	<u>60,409</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 2010

	2010 GH¢'000	2009 GH¢'000
Cash flows from operating activities		
Profit before taxation	28,390	16,157
<i>Adjustments for:</i>		
Depreciation charges	4,807	3,924
Amortization of intangible assets	278	3,243
Interest received	(777)	(623)
Interest expense	170	2,703
Profit on disposal of property, plant and equipment	(47)	(1,423)
	<u>32,821</u>	<u>23,981</u>
Change in inventories	(17,418)	3,934
Change in trade and other receivables	(6,249)	(310)
Change in trade and other payables	19,338	23,652
Changes in associated company balances	<u>9,753</u>	<u>(4,136)</u>
Cash generated from operations	38,245	47,121
Interest received	777	623
Interest paid	(170)	(2,703)
Income taxes paid	<u>(7,758)</u>	<u>(4,933)</u>
Net cash flow from operating activities	31,094	40,108
Cash flows from investing activities		
Purchase of property, plant and equipment	(16,292)	(8,405)
Proceeds from sale of property, plant and equipment	104	<u>1,633</u>
Net cash flow used in investing activities	<u>(16,188)</u>	<u>(6,772)</u>
Cash flows used in financing activities		
Dividend paid	<u>(15,249)</u>	<u>(8,338)</u>
Net increase/ (decrease) in cash and cash equivalents	<u>(343)</u>	<u>24,998</u>
Analysis of changes in cash and cash equivalents during the year		
Balance at 1 January	6,406	(18,592)
Net increase / (decrease) in cash and cash equivalent	<u>(343)</u>	<u>24,998</u>
Balance at 31 December	<u>6,063</u>	<u>6,406</u>
Analysis of balances of cash and cash equivalents as shown in the balance sheet		
Cash and Bank balances	6,960	10,786
Bank overdraft	<u>(897)</u>	<u>(4,380)</u>
	<u>6,063</u>	<u>6,406</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 2010

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 the 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.

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.

Notes to the Financial Statements for the year ended 31 Dec. 2010 cont'd

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..

(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..

Notes to the Financial Statements for the year ended 31 Dec. 2010 cont'd

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.

(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).

Notes to the Financial Statements for the year ended 31 Dec. 2010 cont'd

(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..

(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.

Notes to the Financial Statements for the year ended 31 Dec. 2010 cont'd

(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.

(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. The company is required to contribute 13% of employees basic salary to the social security and national insurance per the terms of the Pension Act 2009 (Act 766).

Notes to the Financial Statements for the year ended 31 Dec. 2010 cont'd

(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.

(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.

Notes to the Financial Statements for the year ended 31 Dec. 2010 cont'd

(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.

(q) Comparatives

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

Notes to the Financial Statements for the year ended 31 Dec. 2010 cont'd

(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 2010, and have not been applied in preparing these financial statements.

	Amendments/improvements	Effective date
• IAS 32	IAS 32 <i>Financial Instruments: Presentation; Classification of Rights Issues</i>	1 February 2010
• IFRS 1	IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	1 July 2010.
• IFRS 3	IFRS 3 <i>Business Combinations</i>	1 July 2010
• IAS 27	IAS 27 <i>Consolidated and Separate Financial Statements</i>	1 July 2010.
• IFRIC 14	IAS 19 – <i>The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction</i>	1 January 2011
• IFRS 1	IFRS 1 <i>First-time Adoption of IFRSs</i>	1 January 2011
• IFRS 7	IFRS 7 <i>Financial Instruments: Disclosures</i>	1 January 2011
• IAS 1	IAS 1 <i>Presentation of Financial Statements</i>	1 January 2011
• IAS 34	IAS 34 <i>Interim Financial Reporting</i>	1 January 2011
• IFRIC 13	IFRIC 13 <i>Customer Loyalty Programmes</i>	1 January 2011
• IFRS 7	IFRS 7 <i>Disclosures – Transfers of Financial Assets</i>	1 July 2011
• IFRS 1	IFRS 1 <i>Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>	1 July 2011
• IAS 12	IAS 12 <i>Deferred Tax: Recovery of Underlying Assets</i>	1 January 2012

Notes to the Financial Statements for the year ended 31 Dec. 2010 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 of approximate 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. 2010 cont'd

5. SEGMENT REPORTING cont'd

		2010 GH¢'000	2009 GH¢'000
Network			
	Net Turnover	411,596	337,583
	Cost of Sales	(375,282)	(314,658)
	Gross Margin	36,314	22,925
Commercial			
	Net Turnover	218,114	125,875
	Cost of Sales	(199,044)	(113,037)
	Gross Margin	19,070	12,838
Others			
	Net Turnover	109,200	78,981
	Cost of Sales	(99,326)	(74,698)
	Gross Margin	9,874	4,283
Other Income		<u>7,668</u>	<u>10,947</u>
Total Gross Income		72,926	50,993
Unallocated Expenses		<u>(45,143)</u>	<u>(32,756)</u>
Results from Operating Activities		27,783	18,237
Net Finance Costs		607	(2,080)
Income Tax		<u>(7,344)</u>	<u>(2,991)</u>
Profit for the year		<u>21,046</u>	<u>13,166</u>
Total Assets		<u>174,906</u>	<u>143,835</u>
Total Liabilities		<u>108,700</u>	<u>83,426</u>
Other Segment Items			
Depreciation and Amortisation		<u>5,085</u>	<u>7,167</u>

Notes to the Financial Statements for the year ended 31 Dec. 2010 cont'd

6. REVENUE

	2010	2009
	GH¢'000	GH¢'000
Gross Sales Value	825,235	622,778
Less: Customs Duty and Levies	(86,325)	(80,339)
Net Sales Value	<u>738,910</u>	<u>542,439</u>

7. OTHER INCOME

	2010	2009
	GH¢'000	GH¢'000
Rent income	2,538	2,245
Profit on disposal of property plant and equipment	47	1,423
Gain on exchange	-	3,398
Others	<u>5,083</u>	<u>3,881</u>
	<u>7,668</u>	<u>10,947</u>

8. PROFIT BEFORE TAX IS STATED AFTER CHARGING

	2010	2009
	GH¢'000	GH¢'000
Personnel cost (note 9)	7,198	5,415
Auditors remuneration	57	66
Depreciation	4,807	3,924
Amortisation of software	278	234
Directors emoluments	169	203
Donation	<u>23</u>	<u>65</u>

9. PERSONNEL COSTS

	2010	2009
	GH¢'000	GH¢'000
Wages and salaries	3,794	3,656
Social security contributions	455	337
Other staff expenses	<u>2,949</u>	<u>1,422</u>
	<u>7,198</u>	<u>5,415</u>

The average number of persons employed by the company during the year was 162 (2009: 148).

Notes to the Financial Statements for the year ended 31 Dec. 2010 cont'd

10. TAXATION

(i) Income tax expense

	2010 GH¢'000	2009 GH¢'000
Current tax expense 10 (ii)	7,678	4,466
Deferred tax expense (11)	(334)	(1,475)
	<u>7,344</u>	<u>2,991</u>

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

(ii) Taxation payable

	Balance at 1/1/10 GH¢'000	Payments during the year GH¢'000	Charged to P/L account GH¢'000	Balance at 31/12/10 GH¢'000
Income Tax				
Up to 2005	(533)	-	-	(533)
2006	309	-	-	309
2007	(43)	-	-	(43)
2008	(249)	-	-	(249)
2009	-	-	-	-
2010	-	(7,707)	7,678	(29)
Withholding Tax	(656)	(51)	-	(707)
National Reconstruction Levy				
Up to 2006	(29)	-	-	(29)
	<u>(1,201)</u>	<u>(7,758)</u>	<u>7,678</u>	<u>(1,281)</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. 2010 cont'd

(iii) Reconciliation of effective tax rate

	2010 GH¢'000	2009 GH¢'000
Profit before taxation	<u>28,390</u>	<u>16,157</u>
Income tax using the domestic tax rate (25%)	7,098	4,039
Non-deductible expenses	5,676	2,427
Tax incentives not recognised in the income statement	(5,096)	(2,000)
Deferred tax	<u>(334)</u>	<u>(1,475)</u>
Current tax charge	<u>7,344</u>	<u>2,991</u>
Effective tax rate	25.87%	18.51%

11. DEFERRED TAXATION

	2010 GH¢'000	2009 GH¢'000
Balance at 1 January	4,025	5,500
Charged for the year	<u>(334)</u>	<u>(1,475)</u>
Balance at 31 December	<u>3,691</u>	<u>4,025</u>

(i) Recognised deferred tax assets and liabilities.

Deferred tax liabilities are attributable to the following:

	Assets GH¢'000	Liabilities GH¢'000	2010 Net GH¢'000	Assets GH¢'000	Liabilities GH¢'000	2009 Net GH¢'000
Property, plant and equipment	-	4,779	4,779	-	4,512	4,512
Others	<u>(1,088)</u>	-	<u>(1,088)</u>	<u>(487)</u>	-	<u>(487)</u>
Net tax (assets)/liabilities	<u>(1,088)</u>	<u>4,779</u>	<u>3,691</u>	<u>(487)</u>	<u>4,512</u>	<u>4,025</u>

Notes to the Financial Statements for the year ended 31 Dec. 2010 cont'd

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Properties GH¢'000	Distribution Service Station Plants GH¢'000	Furniture Equipment & Motor Vehicle GH¢'000	Capital Work-in Progress GH¢'000	Total GH¢'000
Cost					
At 1/1/2010	15,717	32,583	6,152	7,346	61,798
Additions	818	3,084	878	11,512	16,292
Transfers	2,100	4,354	33	(6,487)	-
Disposal	-	(89)	(272)	-	(361)
At 31/12/2010	<u>18,635</u>	<u>39,932</u>	<u>6,791</u>	<u>12,371</u>	<u>77,729</u>
Accumulated Depreciation					
At 1/1/2010	2,535	9,993	3,411	-	15,939
Charge for the year	849	3,530	428	-	4,807
Release on Disposals	-	(34)	(270)	-	(304)
At 31/12/2010	<u>3,384</u>	<u>13,489</u>	<u>3,569</u>	<u>-</u>	<u>20,442</u>
Carrying Amount					
At 31/12/2010	<u>15,251</u>	<u>26,443</u>	<u>3,222</u>	<u>12,371</u>	<u>57,287</u>

	Leasehold Properties GH¢'000	Distribution Service Station Plants GH¢'000	Furniture Equipment & Motor Vehicle GH¢'000	Capital Work-in Progress GH¢'000	Total GH¢'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 1/1/2009	<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>
At 31/12/2010	<u>15,251</u>	<u>26,443</u>	<u>3,222</u>	<u>12,371</u>	<u>57,287</u>

Notes to the Financial Statements for the year ended 31 Dec. 2010 cont'd

Profit on disposal of property, plant and equipment

	2010	2009
	GHC'000	GHC'000
Cost	361	384
Accumulated Depreciation	<u>(304)</u>	<u>(138)</u>
Net Book Value	57	210
Sale proceeds	<u>(104)</u>	<u>(1,633)</u>
Profit on disposal	<u>(47)</u>	<u>(1,423)</u>

13. INTANGIBLE ASSETS

	2010	2009
	GHC'000	GHC'000
Software Cost (Note 13(a))	377	655
Goodwill (Note 13(b))	<u>12,083</u>	<u>12,083</u>
	<u>12,460</u>	<u>12,738</u>

(A) Software Cost

	2010	2009
	GHC'000	GHC'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	456	222
Amortisation for the year	<u>278</u>	<u>234</u>
Balance at 31 December	<u>734</u>	<u>456</u>
Carrying amount		
At 31 December	<u>377</u>	<u>655</u>

This relates to the cost of purchased software.

(B) Goodwill

	2010	2009
	GHC'000	GHC'000
Balance at 1 January (as restated)	15,092	15,092
Addition	-	-
Balance at 31 December	<u>15,092</u>	<u>15,092</u>

Notes to the Financial Statements for the year ended 31 Dec. 2010 cont'd

Impairment

Balance at 1 January	-
Change for the year	-
Balance at 31 December	-

2010
GHc'000

2009
GHc'000

-
-
-

-
3,009
3,009

Carrying Amount

At 31 December	12,083
----------------	--------

12,083

12,083

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

14. LONG TERM INVESTMENTS

(a) Total Investments in Securities

Investment in Associated Companies	12
Trade Investments	2
Balance at 31 December	14

2010
GHc'000

2009
GHc'000

12
2
14

12
2
14

(b) Associated Companies

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

12
-
12

12
-
12

(c) Trade Investments

Tema Lube Oil Company Limited	2
	14

2
14

2
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. 2010 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

	2010 GH¢'000	2009 GH¢'000
<i>Trading</i>		
Lubricants	10,537	6,054
Bitumen	5,153	2,140
Fuel	5,119	1,884
Additives	8,603	2,921
TOM Cards	35	37
<i>Non-Trading</i>		
Materials and Supplies	<u>2,283</u>	<u>1,276</u>
	<u>31,730</u>	<u>14,312</u>

16. TRADE AND OTHER RECEIVABLES

	2010 GH¢'000	2009 GH¢'000
Trade receivables due from customers	57,688	53,355
Other receivables	4,788	2,990
Staff Debtors	226	314
Prepayments	<u>2,472</u>	<u>2,266</u>
	<u>65,174</u>	<u>58,925</u>

17. CASH AND CASH EQUIVALENTS

	2010 GH¢'000	2009 GH¢'000
Bank balances	<u>6,960</u>	<u>10,786</u>
	<u>6,960</u>	<u>10,786</u>

Notes to the Financial Statements for the year ended 31 Dec. 2010 cont'd

18. BANK OVERDRAFT

	2010 GH¢'000	2009 GH¢'000
Barclays Bank Ghana Limited	-	458
Agricultural Development Bank Ghana Limited	-	25
Standard Chartered Bank Ghana Limited	-	994
Ghana Commercial Bank Limited	-	1
SG-SSB Ghana Limited	897	2,902
	<u>897</u>	<u>4,380</u>

a) Ecobank Ghana Limited

The company has an unsecured overdraft facility not exceeding GH¢10.9 million with Ecobank to finance the company's receivables, additions to inventories and other operational bills.

The renewal of the facility for 2011 is ongoing.

b) Standard Chartered Bank Ghana Limited

The company has an unsecured overdraft facility not exceeding GH¢10.2 million with Standard Chartered Bank Ghana Limited to finance working capital. The facility expires in Dec 2011.

c) SG-SSB Ghana Limited

The company has an unsecured overdraft facility not exceeding GH¢10 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 between 13.5% bank of Ghana prime rate and 18.5% maximum.

Notes to the Financial Statements for the year ended 31 Dec. 2010 cont'd

19. STATED CAPITAL**(a) Ordinary shares**

	2010	2010	2009	2009
	No of Shares	GH¢'000 Proceeds	No of Shares	GH¢'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**

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

	2010 GH¢'000	2009 GH¢'000
Profit attributable to equity holders of the Company (expressed in GH¢'000)	21,046	13,166
Weighted average number of ordinary shares in issue	<u>13,984,259</u>	<u>13,984,259</u>
Basic earnings per share (expressed in GH¢ per share)	<u>1.5050</u>	<u>0.9415</u>
Diluted earnings per share (expressed in GH¢ per share)	<u>1.5050</u>	<u>0.9415</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 2010 and 2009, the company had no dilutive potential ordinary shares.

Notes to the Financial Statements for the year ended 31 Dec. 2010 cont'd

21. TRADE AND OTHER PAYABLES

	2010 GH¢'000	2009 GH¢'000
Trade payables due to related parties	65,795	45,848
Non-trade payables and accrued expenses	20,792	15,417
Accrued Charges	4,919	10,903
	<u>91,506</u>	<u>72,168</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 assess the effectiveness of internal controls.

Notes to the Financial Statements for the year ended 31 Dec. 2010 cont'd

(ii) Credit risk

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

	2010 GH¢'000	2009 GH¢'000
Trade and other receivables	65,174	58,925
Cash and cash equivalents	6,960	10,786
	<u>72,134</u>	<u>69,711</u>

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

	2010 GH¢'000	2009 GH¢'000
Individuals and companies	<u>57,688</u>	<u>53,355</u>

Notes to the Financial Statements for the year ended 31 Dec. 2010 cont'd

Impairment losses

The aging of trade receivables at the reporting date was:

	2010		2009	
	Gross	Impairment	Gross	Impairment
	GHC'000	GHC'000	GHC'000	GHC'000
Current (less than 30 days)	51,151	-	42,041	-
Due but not impaired (30-90 days)	3,924	-	5,210	-
Impaired (more than 90 days)	11,221	8,608	12,859	6,755
	<u>66,296</u>	<u>8,608</u>	<u>60,110</u>	<u>6,755</u>

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

	2010	2009
	GHC'000	GHC'000
Balance at 1 January	6,755	6,055
Impairment loss recognised	<u>1,853</u>	<u>700</u>
Balance at 31 December	<u>8,608</u>	<u>6,755</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 2010

	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	91,506	91,506	-	-
Bank overdraft	<u>897</u>	<u>897</u>	-	-
Balance at 31 December 2010	<u>92,403</u>	<u>92,403</u>	-	-

Notes to the Financial Statements for the year ended 31 Dec. 2010 cont'd

31 December 2009

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

(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 2010		31 December 2009	
	EURO	USD	EURO	USD
Bank overdraft	-	-	-	-
Intercompany balances	(4,241,204)	(2,869,900)	(1,326,893)	(105,461)
Bank balances	18,844	428,697	14,196	4,014,941
Trade payables	-	-	-	(11,842,621)
Gross exposure	(4,222,360)	(2,441,203)	(1,312,697)	(7,933,141)

The following significant exchange rates applied during the year:

	Average Rate		Reporting Rate	
	2010	2009	2010	2009
Ghana Cedi:				
Euro 1	1.9247	2.1137	1.9570	2.0831
USD 1	1.4564	1.4462	1.4656	1.4441

Notes to the Financial Statements for the year ended 31 Dec. 2010 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	2010			2009		
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	±5%	211	(211)	±7%	191	(191)
US\$	±2%	48	(48)	±5%	573	(573)

Interest rate risk

Profile

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

	Carrying amounts	
	2010 GH¢'000	2009 GH¢'000
Variable rate instrument		
Financial liabilities	897	4,380

Fair value sensitivity analysis for fixed rate instrument

The company did not have fixed rate instrument at 31 December 2010 and also at 31 December 2009.

Notes to the Financial Statements for the year ended 31 Dec. 2010 cont'd

Cash flow sensitivity analysis for variable rate instrument

A change of two percent 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 2009.

	Carrying amounts	
	200bp Increase GH¢'000	200bp Decrease GH¢'000
Effect in cedis		
31 December 2010		
Variable rate instrument	<u>3</u>	<u>(3)</u>
31 December 2009		
Variable rate instrument	<u>261</u>	<u>-</u>

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 2010		31 December 2009	
	Carrying Amount GH¢'000	Fair Value GH¢'000	Carrying Amount GH¢'000	Fair Value GH¢'000
(i) Loans and receivables				
Trade and other receivables	65,174	65,174	58,925	58,925
Cash and cash equivalents	<u>6,960</u>	<u>6,960</u>	<u>10,786</u>	<u>10,786</u>
	<u>72,134</u>	<u>72,134</u>	<u>69,711</u>	<u>69,711</u>
	31 December 2010		31 December 2009	
	Carrying Amount GH¢'000	Fair Value GH¢'000	Carrying Amount GH¢'000	Fair Value GH¢'000
(ii) Other financial liabilities				
Trade and other payables	91,393	91,393	72,168	72,168
Bank overdraft	<u>897</u>	<u>897</u>	<u>4,380</u>	<u>4,380</u>
	<u>92,290</u>	<u>92,290</u>	<u>76,548</u>	<u>76,548</u>

Notes to the Financial Statements for the year ended 31 Dec. 2010 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¢59,526,893 (2009: GH¢28,992,340) were procured from Total Outre-Mer S. A.
- iii. Included in general and administrative expenses is an amount of GH¢4,981,734 (2009: GH¢6,411,539) 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

	2010 GH¢'000	2009 GH¢'000
Total Outre-Mer S.A.	12,606	2,793
Air Total International	-	60
	<u>12,606</u>	<u>2,853</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 taxes consequences on the company's position.

	2010 GH¢'000	Restated 2009 GH¢'000
GH¢0.6759 per qualifying ordinary shares (2009:GH¢0.71285)	<u>9,452</u>	<u>9,969</u>

25. CAPITAL COMMITMENTS

Commitments for capital expenditure at the reporting date was GH¢800,000 (2009: Nil).

26. CONTINGENT LIABILITY

There are a number of pending legal claims involving the company as at the year end. Based on the company's solicitor's confirmations, a lot of these cases are yet to be determined by the courts for which no estimate of cost or damages can be estimated. However, in four cases the solicitors estimate that, in the event of the cases going against the company, there is likely to be a total cost of GH¢517,500.

Notes to the Financial Statements for the year ended 31 Dec. 2010 cont'd

27. EMPLOYEE BENEFITS**Defined Contribution Plans***(i) Social Security*

Under a national defined benefit pension scheme, the company contributes 13% 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:

	2010 GH¢'000	2009 GH¢'000
Ordinary Shares		
Edward Patrick Larbi Gyampoh	<u>2,825</u>	<u>2,625</u>

(ii) Number of Shares in Issue

Earnings and dividend per share are based on 13,984,259 (2009: 13,984,259) ordinary shares in issue during the year.

(iii) Number of Shareholders

The company had 13,984,259 ordinary shareholders at 31 December 2010 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. 2010 cont'd

(iv) List of twenty largest shareholders as at 31 December 2010

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
Ghana Oil Company Limited	130,066	0.93
SSNIT SOS Fund	52,669	0.38
Mobil Oil Ghana Limited Employees	47,250	0.34
SCBN/ELAC Policy Holders Fund	47,000	0.34
SCB Staff Provident Fund	45,000	0.32
Mr. A. N. Kwabi	31,750	0.23
Dr. J. A. Blankson	25,249	0.18
SCBN/Databank Balanced Limited	25,200	0.18
NTHC Limited	17,227	0.12
SCBN/Ghana Medical Association Pension Fund	15,000	0.11
Mrs N. Bortel Doku	12,851	0.09
Mr. E. M. Hughes*	11,235	0.08
Mrs. M. A. Samson*	10,928	0.08
Afrigha Tech & Mech Const.	8,789	0.06
Mr. B. K. Glymin Jnr.	8,846	0.06
Mr. S. M. K. Diaba *	<u>8,474</u>	<u>0.06</u>
REPORTED TOTALS	<u>12,839,125</u>	<u>91.81</u>

*- These are employees of the company.

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TOTAL

Network And Commercial Development

We invested in upgrading our facilities

In order to inject greater efficiency into our operations towards enhancing customer satisfaction, we have undertaken major capital investments into our infrastructure across the country.

We have already undertaken Phases 1 and 2 of upgrading our network sites under the "Future-on-stream" Project, which will soon cover our entire network.

We have also upgraded our facilities at our Aviation Depot to enhance service delivery to our cherished customers.

Service delivery to the mines has also seen great improvement through the injection of capital into the various depots servicing this significant customer segment.



New Equipment Have Been Procured to Enhance our Services



Proud Moment for the Ghanaian Contingent

Our efforts have been recognised both locally and internationally

Total Petroleum Ghana Limited reaped a basket of awards in Corporate Ghana and across the seas for a sterling performance.

For the third consecutive year, we were recognised at the Top Oscar Awards Ceremony held in Versailles, Paris. Year 2010 witnessed another set of awards in THREE categories.

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

The Ghana flag set the stage for the Ghanaian contingent to receive the overall Grand Prize in recognition of our marketing efforts.

Network And Commercial Development cont'd

...And in Corporate Ghana

For being deeply rooted at the forefront of innovations in the Petroleum Industry, we were voted Petroleum Company of the Year, from over 50 contenders.

Besides an improved working capital position and immense contribution to entrepreneurial development, the Chartered Institute of Marketing Ghana (CIMG) conferred the Award for our community development project "Total Caravan for Safety".

We were also voted number 1 for being the leader in the Petroleum and Mining Services Sector from among the top Ghana Club 100 companies nationwide.



*Marketing Manager, Alexis Thelemaque
receives award from Industry Coordinator*



*Deputy Minister for Trade, Hon. Mahama
Ayarlga presents award to Kumasi Area
Manager, Nana Opoku Amusah*

We were proud winners of the Gold Award by the Ashanti Business Excellence Awards Committee for our "Immense Contribution to the Economic Development of the Ashanti Region". This is the third of such awards we have received from the Committee under the auspices of the Manhyia Palace.

Network And Commercial Development cont'd

But we shared all the honours with our front liners!!!



Contestants in a Group Pose

Customer Attendant of the Year Competition Organised...

For the very first time, Total Petroleum Ghana Limited organised a "National Customer Attendant of the Year" Contest. The contest was designed to encourage frontline staff in the retail network to enhance service delivery.

The best three attendants were selected from each station on a quarterly basis and their names were entered into a final contest where sixteen candidates were short-listed to participate in the nationwide contest.

For making it to the finals, a three-day event involving visits to strategic locations within the petroleum industry as well as information sessions were organised. The finalists also had the opportunity of testing their customer service skills on the forecourt.



Contestants had an Educational Tour of the Tema Lube Oil Blending Plant

Network And Commercial Development cont'd

...Dealers were also recognised at the Dealer Convention...

The tireless efforts of all Dealers were also recognised at the second Dealer Convention, which brought together Dealers from across the length and breadth of the country.

Organised under the theme "Making a Difference through Teamwork", the two-day session brought together various stakeholders to discuss issues of mutual interest.

An awards night was held to recognise excellent performance.



Dealers Provided Feedback after Group Sessions



Winners pose with Management & Staff of TPGL

...The Distributors also had their share

Distributors and garages which have contributed tremendously to making Total Lubricants Number One on the Ghanaian market were also celebrated within the year.

Award winners received special plaques and commendations from the Management of Total Petroleum Ghana Limited.

Corporate Social Responsibility

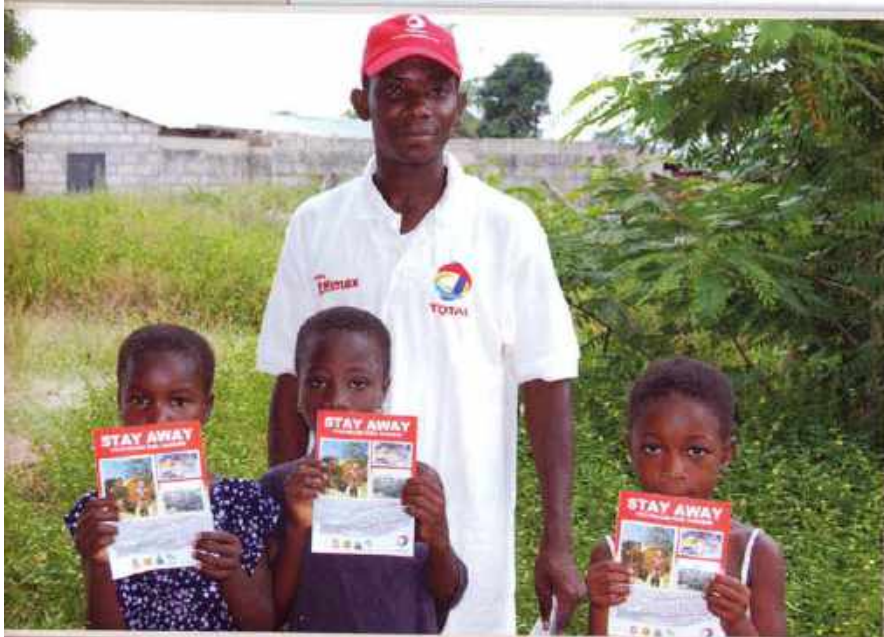
Total “Caravan for Safety” stops over in the Central Region

With the successful launch of the “Total Caravan for Safety” Project in the Eastern Region, the Caravan made its second stop along the Accra-Cape Coast Route.

In collaboration with other stakeholders, namely: Ghana National Fire Service, Ghana Police Service, National Road Safety Commission, Road Safety Limited and the Ghana Red Cross, the convoy made stopovers at seven communities along the route.



Our Road Safety Campaign took us to the Local Communities



Both young & old were educated to stay away from fallen tankers

The venues were strategically selected in view of the fact that they were either accident-prone spots or the communities were vulnerable to fire outbreaks as their main vocation was brewing alcohol.

The Total Caravan team interacted with the communities through durbars as well as visits to the various homes where flyers, posters and stickers were distributed.

Amidst a lot of fun fair, commuters along the Accra-Cape Coast Highway were also educated on safe driving practices.

Corporate Social Responsibility cont'd

Donations

Two major health institutions were given a major boost with the donation of medical equipment to support healthcare provided to patients on admission.

The Medical Ward of the Ridge Hospital received a giant suction machine and other bedside equipment.

The Reconstructive Plastic Surgery and Burns Unit of the Korle-bu Teaching Hospital received a set of Furniture to refurbish the new OPD as well as other bedside equipment.

Total Petroleum Ghana Limited had previously supported both institutions.



Management of TPGL hand over items to management of Ridge Hospital



TPGL/GNFS alliance

We also adopted a Fire Tender

As part of our commitment to supporting safety and health initiatives in our local community, we adopted a fire tender of the Greater Accra Regional Branch of the Ghana Fire Service.

The fire tender was fuelled for the year 2010 to assist in its fire fighting operations.

We have held several collaborations with the Ghana National Service in maintaining safety within our environment.

Corporate Social Responsibility cont'd

World Malaria Day was spent throughout the Country

The World Malaria Day was observed with a series of activities throughout the country to increase awareness about the prevention and control of Malaria.

With children being the main focus of the campaign, the event was organised at the St. Kizito Cluster of schools where the pupils had the opportunity to play and learn about the prevention and control of Malaria. The event took the form of quizzes and competitions.

There was a lot of excitement as each pupil received a Mousticator Game, introduced by the Total Group Worldwide, which is both educative and entertaining.



The Pupils had a lot of fun



Pupils were ready to train their peers

At the end of the event, children who won in the various categories were awarded with very attractive prizes ranging from insecticide-treated mosquito nets and other Total-branded items.

The schools were also presented with a set of manuals to enable the teachers sustain the educational drive.

The pupils are expected to serve as ambassadors in their various communities, educating their peers about the prevention and control of Malaria.

Besides holding educational programmes for employees of the company, other activities included the donation of practical guidebooks on the fight against Malaria to institutions of higher learning, including public schools of health and nurses training colleges involved in community intervention programmes across the country.

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TOTAL



Proxy Form

PROXY FORM FOR USE AT THE ANNUAL GENERAL MEETING TO BE HELD AT THE NATIONAL THEATRE, LIBERIA ROAD, ACCRA ON THE 19TH DAY OF MAY 2011 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 **19th day of May, 2011** 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 2010.
2.	<u>*in favour of</u> <u>against</u>	the Resolution to declare final dividend for the year ended 31st December 2010 as recommended by the Directors.
3.	<u>*in favour of</u> <u>against</u>	the Resolution to appoint Mr. Jean-Charles Préval as a Director of the company.
4.	<u>*in favour of</u> <u>against</u>	the Resolution to re-elect Mr. Stanislas Mittelman as a Director of the company.
5.	<u>*in favour of</u> <u>against</u>	the Resolution to re-elect Mr. Alan Champeaux as a Director of the company.
6.	<u>*in favour of</u> <u>against</u>	the Resolution to re-elect Mr. Kwadwo Owusu-Tweneboaa as a Director of the company.
7.	<u>*in favour of</u> <u>against</u>	the Resolution to fix the remuneration of the Directors.
8.	<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 8 above, the resolutions to which reference is made in those paragraphs, the proxy will vote as he/she thinks fit.

*** Strike out whichever is not desired**

Signed this _____ day of _____ 2011.

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 Tuesday, the 17th day of May 2011.
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

Notes

Notes



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