



ANNUAL REPORT
2011 **Shell Ghana Limited**



OUR VISION

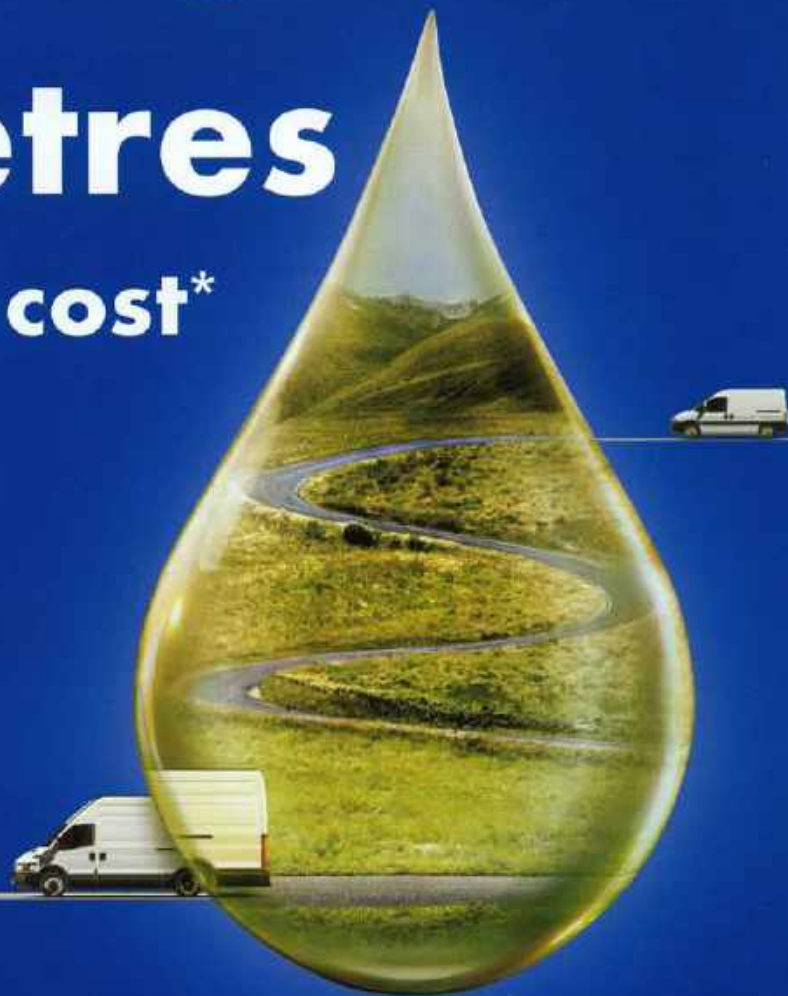
To be a leading oil products marketer in Ghana, in terms of value delivered to customers, shareholders and employees, in a safe and environmentally responsible way.



Shell Ghana Limited

**Annual Report &
Financial Statements
2011**

Designed for
extra
kilometres
at no extra cost*



Every drop helps you travel further*

Our dedication to fuel technology has created NEW Shell Diesel Extra with fuel economy formula, designed for extra kilometres*. New Shell Diesel Extra has an anti-foaming agent that gives you a quicker and cleaner fill.

Shell Diesel Extra is designed to protect your engine against rust and corrosion, and prevents the build up of mileage robbing deposits so that your engine runs efficiently, giving you the freedom to go further. Now the question is, where are you going to go? New Shell Diesel Extra with fuel economy formula, helps you get the most out of every drop so that your fleet can travel further.

Please Contact Shell Commercial Fuels Customer Service Centre for all your fuel requirements on the following number: **Customer Service Centre: + 233 21 66 46 36**

Shell
Diesel Extra



* Compared to standard diesel without the fuel economy formula and may vary by car/vehicle.

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NEW

FUEL DESIGNED FOR EXTRA KILOMETRES AT NO EXTRA COST.

At Shell, we're committed to bringing you high-quality fuels at competitive prices. That's why we've introduced Shell Super Extra. It's formulated to help give you greater fuel efficiency and more kilometres, in every single tankful. So, when you fill up on your next visit, we'll be helping you go further without spending more.

www.shell.com

Shell
Super Extra



*Compared to standard fuel without the fuel economy formula and may vary by car/vehicle.

Notice of Meeting

Notice is hereby given that the twentieth Annual General Meeting of Shareholders of Shell Ghana Limited will be held at the Auditorium of the Ghana College of Physicians and Surgeons, North Ridge, Accra on Tuesday 26th June, 2012, at 11:00 o'clock in the forenoon for the following purposes:

AGENDA

1. To receive and adopt the reports of the Directors and Auditors, and the Accounts for the year ended 31st December 2011
2. To declare a dividend
3. To elect a Director
4. To re-elect Directors retiring by rotation
5. To approve the remuneration of Directors
6. To authorize the Board to fix the remuneration of the Auditors

NOTE

A Member of the Company entitled to attend and vote may appoint a Proxy to attend and vote in his/her stead. A Proxy need not be a member of the Company. Completed Proxy Forms should be deposited at the Registered Office, P. O. Box 1097, Shell House, High Street, Accra not later than 48 hours before the appointed time of the meeting. A Proxy Form is provided at the end of this report.

Dated this 19th day of April, 2012

BY ORDER OF THE BOARD



Barbara Oteng-Gyasi
Secretary

Board of Directors, Officials and Registered Office

BOARD OF DIRECTORS	Omar Benson	Chairman/Managing Director
	Norbert Kwasi Kudjawu	Member
	Louis Casely-Hayford	Member
	Vincent Richter	Member
	Samuel Sarpong	Member
	Diongue Macoura	Member (Resigned 18/11/2011)
	Augustine Osei-Bonsu	Member

SECRETARY
Barbara Oteng-Gyasi
Shell House, High Street
Accra

REGISTERED OFFICE
Shell House
High Street
P. O. Box 1097
Accra

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

AUDITOR
PricewaterhouseCoopers
Chartered Accountants
No. 12 Airport City
Una Home, 3rd Floor
PMB CT 42
Cantonments, Accra

SOLICITORS
Kudjawu & Co.
House No. 5 Yantrabi Road
Labone
Accra

JLD & MB Legal consultancy
5 Senchi Street
Airport Residential Area
P O Box 410
Accra

AB & David Law
8 Dr. Isert Road
North Ridge
P O Box TF 330
Accra

BANKERS
Barclays Bank of Ghana Limited
CAL Bank Limited
Ecobank Ghana Limited
Standard Chartered Bank Ghana Limited



Omar Valentin Benson
Chairman & Managing Director



Norbert Kwasi Kudjawu
Member



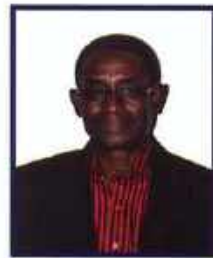
Louis Casely-Hayford
Member



Vincent Richter
Member



Samuel Sarpong
Member



Augustine Osei-Bonsu
Member



Djan Pierre Exon
Member



Barbara Oteng-Gyasi
Secretary



Chairman's Statement



Omar Valentin Benson

Dear Shareholder,

It is as always with much pleasure that I warmly welcome you to the twentieth Annual General Meeting of Shell Ghana Limited and to the presentation of the Annual Report and Financial Statements of the Company for the year ended 31st December 2011.

In 2011, the company has managed to deliver again a strong and above target financial performance resulting mainly from the strong operating profit

achieved. In spite of active competition and a challenging operating environment, your company delivered a sales performance that was well above the market performance and therefore increased its market share in several key sectors. In a stabilized inflation economy, selling, general and administrative expense was kept under tight control.

Thanks to its successful differentiated offer strategy and with limited but progressively increasing capital expenditure budget, the Company delivered a net profit of GHS 10.008 million, exceeding the annual target by 35% and the previous year's profit by 46%.

In line with the Company policy of paying competitive dividends, I am pleased to announce today that the Board of Directors propose a dividend payment of GHS 0.9471 per share (10% above 2010 dividend of GHS 0.8599).

Economic and Business Environment

Overall, 2011 was a challenging year. The outlook of the global economy continued to be uncertain with weak growth and declining consumer confidence. The continued anxiety regarding the sovereign debt problem in the Euro zone and, together with the slower than expected growth in the U.S., have increased downside risks to global recovery.

Generally, growth in emerging and developing economies was still fairly robust. In Sub-Saharan Africa, economic growth was supported by increased exports in selective sectors and relatively stable financial systems.

Ghana's growth prospects remained strong during the year with GDP projected to grow at 13.6 per cent, up from 7.7 per cent in 2010. If this forecast is confirmed, Ghana would indeed have been the fastest growing economy in the world in 2011.

Single digit inflation was experienced during the year. From 9.1 per cent in January, it declined to 8.4 per cent at the end of the third quarter but has since inched up to 8.6 per cent in December.

The production of Jubilee crude oil went up to about 80,000 Bpd and was expected to reach a plateau level of 120,000 Bpd at the end of the year but that did not occur as the oil field Operator faced unexpected technical challenges. This higher production level is now expected to be attained in 2013.

There was limited progress in the implementation of the downstream petroleum sector deregulation policy. The number of players in the industry remained overall stable with more than 50 Oil Marketing Companies.

There were very limited supply disruptions in the market as a result of improved operations at the Tema Oil Refinery (TOR) and regular importation of refined products by the Bulk Distribution Companies. Thanks to this improving supply performance, your Company was able to seize several new business opportunities without any major challenge.

Business Review

Customer Service Center

2011 was an even more exciting year with respect to relationships between the Company and its esteemed Customers. Service delivery was at its best resulting in very impressive performance in the "Customer Satisfaction Index" (CSI) Survey. Quarter 2 and Quarter 4 survey results were 95.9% and 99.9% satisfaction level respectively meaning that the entire company was doing the utmost best in satisfying Customers.

In 2010, we reported the introduction of Shell On-line and Shell Document Imaging web based applications. 2011 saw an increase in the number of Customers using these web applications. In addition, we received favorable feedback on the usefulness of the applications and how it was helping Customers manage their own account.

Retail Fuels and Lubricants

In 2011 the consistent focus of the Retail Business on Health, Safety, Security and Environment (HSSE) as the solid foundation for sustainable business performance resulted in the delivery of a very robust safety performance recognized in the Global Shell Retail organization.

Operational Excellence has continued to be a key growth lever for the Retail Business, and a carefully coordinated range of competence development programmes focusing on training of Retail staff, Retailers and site staff, has been a key pillar which culminated in the systematic improvement in Site excellence within the year under review. An improvement in overall Mystery Motorist Programme earned Ghana the Number 1 position among Shell operating units in Africa.

The Retail Network base was expanded by the introduction of an additional 5 service-stations to the network. There was also an impressive growth in lubricants over the previous year's performance.

The year under review also saw the successful implementation of important marketing initiatives such as the launch of Shell Super Extra and Shell Diesel Extra on the fuel economy platform. As a clear testimony to confirm Shell's undisputed leadership in differentiated fuels in Ghana, the post-launch volume performance of both economy fuels, significantly exceeded the planned growth rate.

Convenience Retail chalked a huge milestone in the Customer Satisfaction journey with the introduction of Shell Select concept; a fantastic upgrade of Shell Shops. This step change in our operating standards saw four pilot Shell Shops completely converted and set-up to our flagship standard - Shell Select Concept!

Our Shell Card offer also continued to improve its footprints across the Retail network; thus increasing volume and registering a huge growth rate in 2011 over 2010 performance.

Commercial Fuel, Lubes and Bitumen (Mining Included)

In 2011, the Construction Sector related activities started slowly from the beginning of the year up to half way through the year as a result of payment delays from the Government and shortage of bitumen emanating from the Cote D'Ivoire crisis. This led to loss of some business opportunities.

Agro-forestry sector also saw a consistent decline in activity due to the global economic crisis. Despite the challenges faced in these two major sectors of the Commercial business, good volumes were recorded.

Shell has a solid reputation in Ghana as the service provider of choice for the supply of hydrocarbon products and allied services to the mining industry. This is evidenced by the fact that the Company still supplies a good number of the major mines in Ghana and delivers a strong mining business performance.

Prudent measures adopted during the year with regard to pricing and stock management contributed towards delivering a strong profitability performance. The Commercial business has since remained robust despite the aggressive competitive environment.

Current emphasis is on business growth through customer portfolio expansion and leveraging on the Shell value propositions, which are very well acknowledged in the industry.

Aviation

In the year under review our volume performance was 81% above target, driven mainly by our existing customers and new businesses which we gained.

However, unfortunately, the volume performance did not fully translate into cash contribution due to several unplanned repairs that were carried out at the Aviation depot.

Consumer Lubricants

The Consumer Lubricants Business was successful in 2011 and continued to grow in both the domestic and export markets. The impressive growth rate of 58%

"2011 was an even more exciting year with respect to relationships between the Company and its esteemed Customers."

Chairman's Statement

over previous year confirms the materiality of the growth opportunities identified and the competitiveness of the strategy implemented in both markets.

Our business strategy to target key sectors like the fast growing oil and gas sector continues to pay off and to deliver above target performance year after year.

One of our successes in 2011 was driven by significant improvement in Distributor prospecting activities and in Lubricants availability and supplies. There was also clear focus in the implementation of Delivering Indirect Channel Excellence programme with some improvement in Mind Share practices by our Lubricants Distributors.

Supply and Distribution

Supply and Distribution experienced another year without any recordable incident in all operations including road transport and depots. The fuel supply performance in 2011 was strong and Lubricants supply could have been equally strong but for some challenges in the importation of special grades in the last months of the year.

We were able to resolve all the stock management challenges that led to some adverse stock adjustments in the previous year. Stock variances for all products were mostly within the accepted tolerance.

Our Operations had a 'Fair' rating at the Distribution Operations Review conducted at the end of the year, which was a remarkable improvement over the previous rating.

Health Safety Security Environment & Social Performance (HSSE&SP)

The Company commenced the year 2011, on the back of a strong 2010 HSSE performance. On our journey towards our GOAL ZERO vision of no harm to people and protecting the environment, we arrived at the landmark of 1000 days without significant incident in August 2011 and ended the year with 1134 days without a significant incident. This remarkable success was as a result of sustained safety initiatives.

Recognizing that our major risks, road transport and contractor management are very identifiable with our business, the Company and the Road Transport Contractor leadership joined hands to run the truck rollover prevention programme at our transport terminals around the country. The programme, which was sustained throughout the year, served as a reminder to truck drivers to be aware of their trucks and its characteristics. We are proud to acknowledge that this initiative among others helped your company achieve a third consecutive year without significant incident of a major accident, rollover or spill.

During the year, a number of high risk activities were carried out in our depots which involved the cleaning and repairing our bitumen tanks in Takoradi and

vertical fuel tanks. The contractor management process was a shared effort by dedicated and continuously trained company and contractor staff that reviewed hazards and effectively managed them to completion hence sustaining Goal Zero performance.

Our annual Safety Day event was held on 8th June 2011 with the theme "Do The Right Thing – Drive Safely". Safety Day 2011 was an excellent opportunity to get staff to raise safety in the minds of the driving public by way of improving driving attitudes and behaviour to reduce accidents. As part of the day's event, staff engaged motorists on the need to avoid bad driving and shared leaflets on "safe driving tips".

In the area of security, there were a number of incidents. 4 of our retail outlets in Accra were breached by armed robbers. Fortunately no fatality or injuries were sustained at any of the sites. Further measures have been taken to reduce the probability of similar occurrences in the future.

In 2011, the Company's social investment strategy and priorities remained focused on improving road transport safety, fighting the HIV-AIDS pandemic and supporting basic education in the country. Emphasis was once again also placed on maximizing the value from the selective investments made.

Legal

The legal suits in which the Company is a party were actively pursued in the courts. The suit brought by some Retailers of the Company, as a result of the Operator Platform Change (OPC) policy under the Retail business strategy is still pending although through negotiations three of the Retailers relinquished the stations in their control. The class action now has twelve plaintiffs remaining in the suit. Discussion of an out of court settlement is being pursued to expedite resolution of the matter.

In line with corporate policy all legal cases are regularly reviewed and appropriate financial provision made.

"Our business strategy to target key sectors like the fast growing oil and gas sector continues to pay off and to deliver above target performance year after year."

Board Representation

In the year under review one member of the Board, Mr. Macoura Diongue resigned from the Board. The Board Secretary for several years, Ms. Juliana Bruce also resigned. I would like to take this opportunity to thank both of them as well as all the Board members for their immense contributions to the Company.

Human Resource

In 2011, the Company continued to enjoy a harmonious Industrial Relations climate as a result of effective dialogue with the Union and the Senior Staff Association, improving change management practices and successful implementation of several team building activities.

Following the comprehensive and structured retention strategy implemented in 2010 for our critical talents considered to be at risk, we were able to stabilize the level of resignation in 2011 and bring the turnover ratio down to the Industry average. Vacancies that arose for the period under review were effectively filled by either deployment of internal resources or focused recruitment of experienced and matured hires. A large majority of vacancies were filled using internal resources. This created a lot of energy and internal movement of staff and resulted also in a significant part of the population of staff being promoted. This formed part of the continued retention strategy to stabilize the loss of staff to the market.

As usual, Learning continued to remain the key enabler to the delivery of Shell's business strategy. The Shell Open University and e-learning dominated our learning activities in line with the Company's strategy of developing our talents in a cost effective way.

Financial Highlights

The financial performance delivered in 2011 was significantly above previous year and 2011 plan levels driven mainly by underlying operational performance. The above was achieved through selective business

growth in profitable market segments, effective credit management, prudent management of the company's financial resources, elimination of product losses and active cost management.

The Contracts Board of the Company functioned efficiently, ensuring transparency and cost efficiency in its operations throughout 2011.

Outlook for 2012

Shell Downstream Portfolio Review

Following the review of the Shell Downstream portfolio started in April 2010, a Share Purchase Agreement (SPA) between Shell, Vital and Helios was announced in February 2011. The implementation of this agreement aiming at forming Joint-Ventures that will be in charge of developing further the business in 14 countries inclusive of Ghana is still underway and subject to final regulatory and company approvals. Appropriate communication will follow the completion of the related transition process.

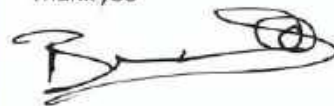
General Business Outlook

The Global economy is not recovering quickly as initially anticipated and as per the previous year emerging and developing countries will be delivering most of the economic growth. In Ghana, increasing revenue from key sectors like Agriculture, Mining and Oil & Gas will be critical together with an improved internal revenue mobilisation in an election year as there is an ever increasing focus on building infrastructures to support the development of the economy.

For the Company, the 2012 priorities will include safe and profitable growth acceleration, active cost management, budget discipline and a successful completion of the transition toward the new organization.

I'm highly confident that the experienced Board of Directors coupled with the effective Management Team and the competitive functional support will be key success factors to exceed significantly once again the Company's business objectives this year despite the anticipated challenging market conditions and the fragile business environment.

Thank you



Omar Valentin Benson
Chairman/Managing Director

"...priorities will include safe and profitable growth acceleration, active cost management, budget discipline and a successful completion of the transition toward the new organization."

Report of the Directors

TO THE MEMBERS OF SHELL GHANA LIMITED

The directors present their report together with the audited financial statements of the Company for the year ended 31 December 2011.

Statement of directors' responsibilities

The directors are responsible for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed Ghana Accounting Standards and the requirements of the Companies Code, 1963 (Act 179).

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

Nature of business

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

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

Parent company

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

Financial results

The financial results of the Company are set out below:

	2011 GH¢'000
Profit before tax for the year is	13,294
from which is deducted tax of	(3,286)
giving a profit after tax for the year of	10,008
to which is added the balance brought forward on income surplus	
account of	7,068
and from which is deducted a proposed dividend of	(10,008)
giving a balance carried forward on income surplus account of	7,068

Dividend

The directors recommend the payment of a dividend of **GH¢0.9471** (2010: GH¢0.8599) per share.

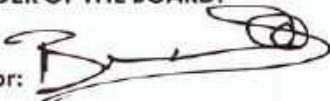
Directors

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

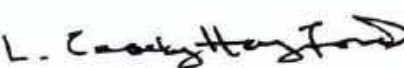
Auditor

The auditor, PricewaterhouseCoopers, has expressed its willingness to continue in office in accordance with Section 134(5) of the Companies Code, 1963 (Act 179).

BY ORDER OF THE BOARD:

Director: 

Omar Valentin Benson

Director: 

Louis Casely-Hayford

Date: 3rd May, 2012

Report of the Independent Auditor

TO THE MEMBERS OF SHELL GHANA LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Shell Ghana Limited set out on pages 12 to 20. These financial statements comprise the balance sheet as at 31 December 2011, the profit and loss account and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Ghana Accounting Standards and with the requirements of 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 the 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 about 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 control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Shell Ghana Limited as at 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with Ghana Accounting Standards and in the manner required by the Companies Code, 1963 (Act 179).

REPORT ON OTHER LEGAL REQUIREMENTS

The Companies Code, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iii) the Company's balance sheet and profit and loss account are in agreement with the books of account.



Chartered Accountants

7 May 2012
Accra, Ghana
Oseini Amui (100844)







Profit and Loss Account

FOR THE YEAR ENDED 31 DECEMBER 2011

(All amounts are expressed in thousands of Ghana Cedis)

	Note	2011	2010
Turnover		793,679	552,154
Cost of sales		(741,874)	(512,373)
Gross profit		51,805	39,781
Selling, general and administrative expenses	2	(43,853)	(32,807)
Operating profit		7,952	6,974
Other income	3	5,127	2,703
Profit before interest and tax		13,079	9,677
Interest income/(expense)		215	(233)
Profit before tax		13,294	9,444
Income tax expense	4	(3,286)	(2,614)
Profit after tax transferred to income surplus account		10,008	6,830

Balance Sheet

(All amounts are expressed in thousands of Ghana Cedis)

	Note	2011	2010
Non-current assets			
Property and equipment	5	25,708	19,067
Investments	6	7	7
		25,715	19,074
Current assets			
Inventories	7	33,488	22,644
Accounts receivable	8	47,819	32,498
Due from related companies	9	13,243	9,249
Cash and bank balances		12,345	13,999
Current income tax	4	1,477	1,468
		108,372	79,858
Current liabilities			
Bank overdrafts	10	5,856	231
Accounts payable	11	106,925	74,907
Due to related companies	9	1,302	4,028
Dividend payable	12	10,008	9,086
		124,091	88,252
Net current liabilities		(15,719)	(8,394)
Total assets less current liabilities		9,996	10,680
Non-current liabilities			
Deferred income tax	4	617	1,301
Net assets		9,379	9,379
Financed by:			
Stated capital	13	2,311	2,311
Income surplus account	16	7,068	7,068
Shareholders' funds	17	9,379	9,379

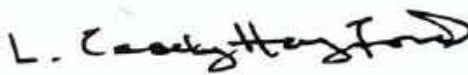
The financial statements on pages 12 to 20 were approved by the Board of Directors on 19/04/2012 and signed on its behalf by:

Director:



Omar Valentin Benson

Director:



Louis Casely-Hayford

Cash Flow Statement

(All amounts are expressed in thousands of Ghana Cedis)

	Note	Year ended 31 December	
		2011	2010
Operating activities			
Cash generated from operations	14	14,281	12,643
Interest received/ (paid)		215	(233)
Tax paid	4	(3,979)	(1,980)
Net cash generated from operating activities		10,517	10,430
Investing activities			
Purchase of property and equipment	5	(9,915)	(1,104)
Proceeds from sale of property and equipment	5	1,205	711
Net cash used in investing activities		(8,710)	(393)
Financing activities			
Loan repayments		-	(1,609)
Dividend paid to shareholders	12	(9,086)	(9,053)
Net cash used in financing activities		(9,086)	(10,662)
Increase in cash and cash equivalents		(7,279)	(625)
Cash and cash equivalents at beginning of the year		13,768	14,393
Cash and cash equivalents at end of the year	15	6,489	13,768

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Basis of accounting

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

b. Property, plant and equipment

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

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

Leasehold land	-	Over the unexpired portion of the lease
Office and residential buildings	-	2.5%
Other buildings	-	5% - 10%
Motor vehicles	-	20% - 33.3%
Plant and machinery	-	4% - 20%
Office furniture and equipment	-	15% - 33.3%

c. Stocks

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

d. Debtors

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

e. Foreign currencies

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

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

f. Sales

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

g. Deferred income tax

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

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

Notes (Continued)

h. **Cash and cash equivalents**

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

i. **Provisions**

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

Notes (Continued)

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

2. Selling, general and administrative expenses	2011	2010
Selling, general and administrative expenses include:		
Directors' remuneration	1,021	371
Staff costs	9,639	8,450
Auditor's remuneration	46	41
Depreciation	3,061	2,246
Donations	8	23

The average number of persons employed by the company during the year was 158 (2010:173).

3. Other income	2011	2010
Profit on disposal of property and equipment (Note 5)	993	56
Lease income	1,407	500
Recoveries	1,245	892
Sundry income	1,482	1,255
	5,127	2,703

4. Income tax	The movement in current income tax is as follows:			Balance at
	Balance at		Charge for	31 December
	1 January	Payments	the year	2011
	2011			2011
(a) Current income tax payable				
Up to 2010	1,468	-	-	1,468
2011	-	3,970	3,970	-
Withholding tax	-	9	-	9
	1,468	3,979	(3,970)	1,477

(b) Deferred income tax	2011	2010
The movement in deferred income liabilities tax is as follows:		
At 1 January	1,301	648
(Release)/charge for the year	(684)	653
At 31 December	617	1,301

Deferred income tax charged to the profit and loss account and the liability at the balance sheet date is attributable to property, plant and equipment and unrealised exchange differences.

(c) Income tax expense	2011	2010
The income tax expense in the profit and loss account comprises:		
Current income tax	3,970	1,961
Deferred income tax (release)/charge	(684)	653
	3,286	2,614

Notes (Continued)

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

5. Property and equipment

	Leasehold land and buildings	Motor vehicles	Machinery	Furniture, fittings and computer equipment	Capital work-in- progress	Total
Cost						
At 1 January 2011	10,428	1,731	14,625	3,176	649	30,609
Additions	4,022	155	1,854	441	3,443	9,915
Disposals	(17)	(6)	(251)	(12)	-	(286)
Transfers	12	-	637	-	(649)	-
At 31 December 2011	14,445	1,880	16,865	3,605	3,443	40,238
Accumulated depreciation						
At 1 January 2011	2,994	577	5,606	2,365	-	11,542
Charge for the year	1,140	276	1,335	310	-	3,061
Released on disposals	(4)	(3)	(54)	(12)	-	(73)
At 31 December 2011	4,130	850	6,887	2,663	-	14,530
Net book value						
At 31 December 2011	10,315	1,030	9,978	942	3,443	25,708
At 31 December 2010	7,434	1,154	9,019	811	649	19,067

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

Cost of items disposed	2011 286	2010 1,688
Depreciation thereon	(73)	(1,033)
Net book value	213	655
Proceeds	(1,205)	(711)
Profit on disposal of property and equipment	(992)	(56)

6. Investments

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

7. Inventories

	2011	2010
Product stocks	33,369	21,809
Other stocks	119	835
	33,488	22,644

8. Accounts receivable

Trade debtors	41,386	30,281
Prepayments and other deposits	3,213	1,666
Staff debtors	178	192
Sundry debtors	3,042	359
	47,819	32,498

The maximum amount due from employees of the company during the year was GH¢178,000 (2010: GH¢192,000).

Notes (Continued)

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

9. Related party transactions

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

	2011	2010
Amount due from related companies	13,243	9,249
Amount due to related companies	1,302	4,028

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

	2011	2010
(i) Purchase of lubricants, additives and bitumen		
Shell ASEOLAG	-	79
Shell Espana, S.A	306	-
Shell Deutschland Oil GmbH	1,906	1,076
Shell UK Oil Products Ltd	409	228
Burkina et Shell	28	150
Shell Tunisia	1,379	534
Belgian Shell SA	500	172
Shell South Africa	2,044	505
Togo Et Shell	24	3,226
Shell European Export Centre	74	-
Shell Austria Gasellschaft	-	163
Shell Marketing Egypt	-	31
Schaeffer Mfg Co. Inc	17	-
Shell & Turcas Petrol A.S	849	-
Societe Shell Du Maroc	1,407	1,395
Unico Manufacturing Co. Ltd	-	50
	8,943	7,609
(ii) Purchase of services from Shell related companies	13,537	7,806

The above transactions were carried out on commercial terms and conditions.

10. Bank overdrafts

The company has unsecured overdraft facilities with a limit of GH¢13 million (2010: GH¢13 million).

11. Accounts payable

	2011	2010
Trade creditors	97,306	63,515
Sundry creditors	2,305	630
Accrued charges and provisions	7,314	10,762
	106,925	74,907

12. Dividend payable

	2011	2010
At 1 January	9,086	9,053
Payments during the year	(9,086)	(9,053)
Proposed dividend for the year	10,008	9,086
At 31 December	10,008	9,086

Notes (Continued)

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

13. Stated capital

The authorised shares of the company is 12,000,000 ordinary shares of no par value.

The issued ordinary shares of the company at 31 December 2011 and 31 December 2010 is as follows:

	Number of shares	Proceeds
Issued		
For cash consideration	5,283,900	2,220
Consideration other than cash	3,791,697	67
Transferred from income surplus account	1,491,203	24
	10,566,800	2,311

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

14. Cash generated from operations

	Note	2011	2010
Profit before tax		13,294	9,444
Foreign exchange adjustment on loan		-	(18)
Depreciation	5	3,061	2,246
Profit on disposal of property, plant and equipment	5	(992)	(56)
Increase in inventories		(10,844)	(7,499)
(Increase)/decrease in receivables		(15,321)	2,255
Increase in amounts due from related companies		(3,994)	(3,525)
Increase in accounts payable		32,018	6,344
(Decrease)/increase in amounts due to related companies	9	(2,726)	3,219
Interest (income) /expense		(215)	233
		14,281	12,643

15. Cash and cash equivalents

Cash and bank balances	12,345	13,999
Bank overdrafts (Note 10)	(5,856)	(231)
	6,489	13,768

16. Income surplus account

		2011	2010
At 1 January		7,068	9,324
Profit for the year		10,008	6,830
Proposed dividend: GH¢0.9471 (2010: GH¢0.8599) per share	12	(10,008)	(9,086)
At 31 December		7,068	7,068

17. Capital commitments

There were no capital commitments at 31 December 2011 (2010: Nil).

18. Contingent liabilities

There were no contingent liabilities at 31 December 2011 (2010: Nil).

IMPROVED PERFORMANCE

Shell


V-Power

ADVANCED TECHNOLOGY



RESOLUTIONS TO BE PASSED AT THE ANNUAL GENERAL MEETING

The Board of Directors will be proposing the following resolutions, which would be put to the Annual General Meeting:

To Receive the 2011 Accounts

The Board shall propose the acceptance of the 2011 Accounts as the true and fair view of the state of affairs of the company for the year ended 31st December 2011 together with the reports of the Directors and Auditors thereon.

To Declare a Dividend

The Directors recommend the payment of a dividend of GH¢ 0.9471 per share before tax for the year ended 31st December 2011.

To elect a Director

In accordance with Section 298(f) of the Companies Act, Act 179 and Regulation 69(1) of the Regulations of the Company, Mr. Djan Pierre Ezan who accepted appointment as a Director to fill a casual vacancy will be proposed for election.

Profile of Mr. Djan Pierre Ezan

Mr. Ezan Djan Pierre has post graduate qualifications in Accountancy and holds a second degree from the Graduate School of Business (ESC-Lyon) in France. He is an experienced senior finance professional with over 14 years industrial experience and good knowledge of the Oil & Gas business and operations. Mr. Ezan joined Shell Cote d'Ivoire (now Vivo Energy Cote d'Ivoire), in year 2000, after stints with Deloitte & Touche Tohmatsu, Paris (France), and Ernst & Young Abidjan (Cote d'Ivoire). For the past 12 years he served Shell Cote d'Ivoire in various management and senior management capacities in the Finance discipline. His experience spans finance management, controls, reporting and business finance. He speaks French, English, Spanish and German.

To re-elect Directors retiring by rotation

In accordance with Section 298(b) and (e) of the Companies Act, Act 179 and Regulation 88 of the Regulations of the Company the under-listed Directors who are retiring by rotation, and who are eligible for re-election and have offered themselves for re-election are proposed for re-election.

1. NORBERT K. KUDJAWU
2. SAMUEL SARPONG

To approve the remuneration of Directors

The Directors recommend payment of Directors remuneration by way of fees to each Director in an amount not exceeding GH¢18,000.00 per annum before tax for the year ending 31st December 2012 which amount shall not accrue to or be payable to a Director so long as he holds any other office or place of profit in the Company.

To authorize the Directors to fix the Remuneration of the Auditors

In accordance with Section 134(5) of the Companies Act 1963, PricewaterhouseCoopers will continue in office as Auditors of the Company. The Board would request from members their approval to fix the remuneration of the Auditors.

MAJOR HOLDERS FOR SHELL GHANA LTD AT 31.12.2011 (TOP 20)

NAME	SHARES	% OF ISSUED CAPITAL
SHELL PETROLEUM CO. LTD	8,700,857	82.34
DEVELOPMENT FIN. & HOLDINGS LTD	1,000,000	9.46
MR NELSON POKU	89,000	0.84
SHELL GHANA LTD EMP. CO-OP UNION	60,000	0.57
MRS BEATRICE DADSON	53,000	0.50
MR NORBERT K KUDJAWU	21,200	0.20
MRS JOANA QUARSHIE	20,180	0.19
RETCO COMPANY LTD	17,500	0.17
DR JOSEPH A. BLANKSON	13,000	0.12
MR KWAME ASANTE	12,500	0.12
ACME SECURITIES LTD	12,000	0.11
MR MOSES K AFEDO	10,930	0.10
MR JACOB K VANDERPUIJE	10,500	0.10
MR LOUIS CASELY-HAYFORD	10,000	0.09
MS ESTHER DUFIE	9,375	0.09
LIFESPRING CAPITAL	7,421	0.07
STARTEGIC AFRICAN SECUTRITIES	7,203	0.07
CDH INSURANCE COMPANY LTD	7,188	0.07
MR GEORGE NERQUAYE-TETTEH	7,000	0.07
MR THOMAS K ABOTSI	7,000	0.07
REPORTED TOTALS	10,075,854	95.35
NOT REPORTED	490,946	4.65
GRAND TOTALS	10,566,800	100.00
COMPANY CAPITAL	10,566,800	100.00

Proxy Form

I/We

.....
(PLEASE USE BLOCK CAPITALS)

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

*
(insert full name)

of

(or failing him/her the duly appointed Chairman of the meeting)
as my/our Proxy to vote for me/us on my/our behalf at the
Annual General Meeting to be held on Tuesday 26th June,
2012 at 11:00 a.m. and at every adjournment thereof.

Resolutions	For	Against
1. To receive and adopt the reports of the Directors and the Auditors and the Accounts for the year ended 31st December 2011	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a dividend	<input type="checkbox"/>	<input type="checkbox"/>
3. To elect a Director	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Directors retiring by rotation	<input type="checkbox"/>	<input type="checkbox"/>
5. To approve the remuneration of Directors	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorize the Board to fix the remuneration of the Auditors	<input type="checkbox"/>	<input type="checkbox"/>

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

Dated this day of 2012

Shareholder's signature

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

Notes :

1. A member (Shareholder) who is unable to attend the Annual General Meeting is permitted by law to vote by proxy.
2. Provision has been made on the form for the Chairman of the Meeting to act as your proxy, but if you wish , you may insert in the blank space marked with an asterisk (*) the name of any person whether a Member of the company or not, who will attend the meeting and vote on your behalf instead of the Chairman of the Meeting.
3. In the case of joint shareholders, each shareholder should sign.
4. If executed by a corporation, the proxy form should bear its common seal or be signed on its behalf by a Director.
5. Please sign the above proxy form and post it so as to reach the address shown overleaf not later than 48 hours before the appointed time of the meeting.

Shell Ghana Limited

THIRD FOLD HERE

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

FIRST FOLD HERE

PLEASE AFFIX
STAMP HERE

SECOND FOLD HERE

Statement of General Business Principles

Introduction

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

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

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

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

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

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

Our Values

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

Sustainable Development

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

Responsibilities

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

a. To shareholders

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

b. To customers

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

c. To employees

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

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

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

d. To those with whom we do business

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

e. To society

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

Principle 1: Economics

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

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

Principle 2: Competition

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

Principle 3: Business Integrity

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

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

Principle 4: Political Activities

a) Of companies

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

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

b) Of employees

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

Principle 5: Health, Safety, Security and the Environment

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

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

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

Principle 6: Local Communities

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

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

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

Principle 7: Communication and Engagement

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

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

Principle 8: Compliance

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

Living by our Principles

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

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

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

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

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

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

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

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

