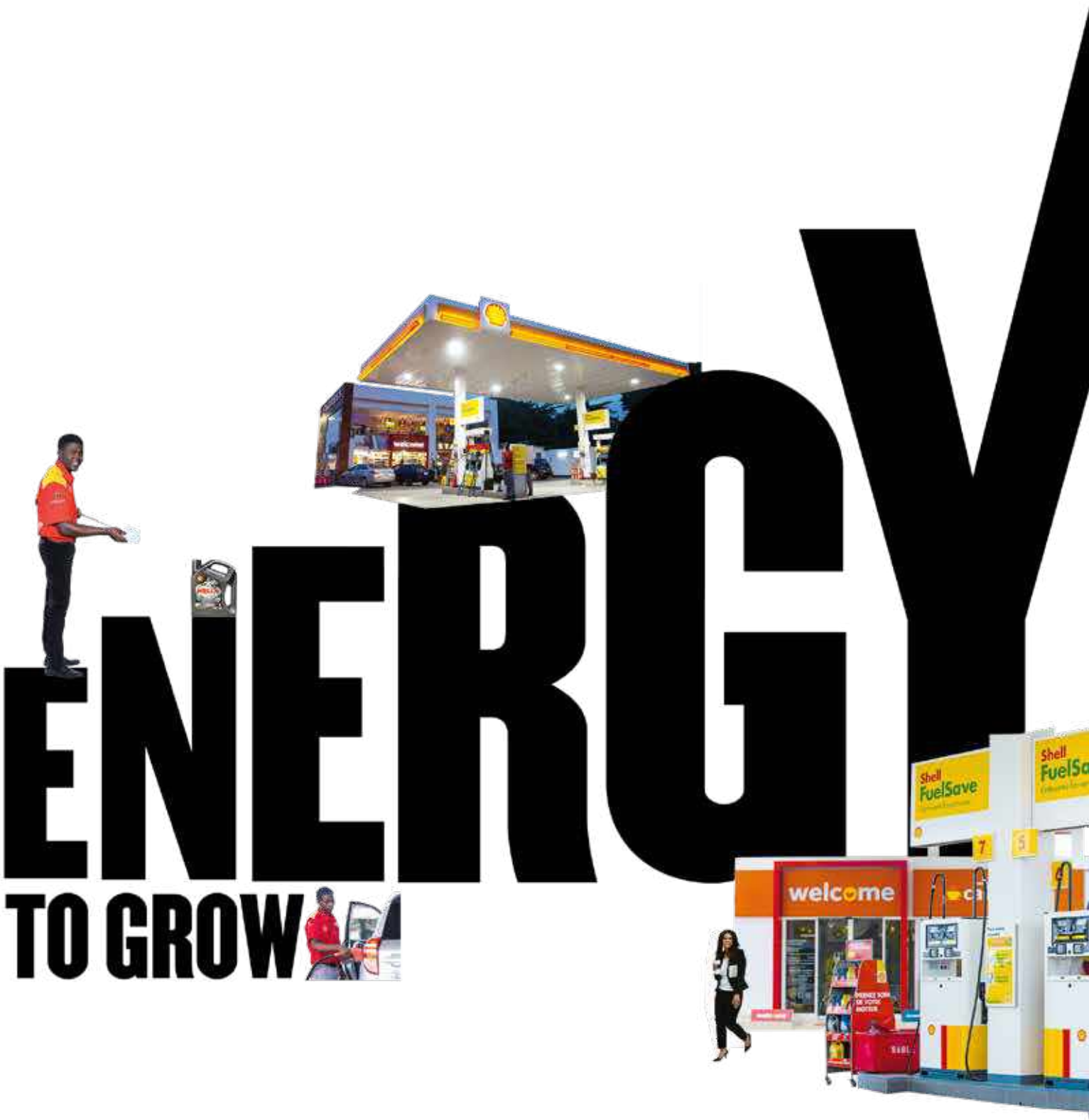
VIVO ENERGY GHANA

VIVO ENERGY GHANA ANNUAL REPORT & ACCOUNTS 2018



Staff of Vivo Energy Ghana interacting with a customer on Shell Customer Contact Day 2018.

Vivo Energy Ghana staff giving a souvenir to a customer on Shell Customer Contact Day 2018.

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THE VIVO ENERGY GHANA STORY

Vivo Energy Ghana, the company that distributes and markets Shell-branded fuels and lubricants, was established in 2013. The Shell brand has been in Ghana since 1928.

Vivo Energy Ghana has access to a fuels storage capacity of 227,000m³ and 226 service stations, with many offering Shell Cards and convenience retail stores. For businesses, it provides fuels and lubricants to customers across a range of sectors including mining and manufacturing. Jet fuel is also sold to customers through a partnership with Vitol Aviation.

The company is recognised as a leader in the oil industry, championing and setting standards for safety.

Vivo Energy has chosen to focus on three areas of community investment – road safety, education and the environment. These programmes matter to Vivo Energy because it employs local people and serves local business and individuals. Vivo Energy wants to create lasting social and economic benefits for the communities where it operates and engage with them to earn their respect and trust.

OUR VISION

Vivo Energy's vision is to become Africa's most respected energy business.
This is not an end in itself. Rather it is the logical consequence of doing things the right way, realising the full potential of its people and partners, and creating a new benchmark for quality, excellence, safety and responsibility in Africa's downstream sector.

OUR VALUES

We are judged by how we act, and our reputation is upheld by how we put into practice our core values of honesty, integrity and respect for people.
These values underpin all the work we do and are the foundation of our business. We always strive to uphold them, whatever situation we find ourselves in. Indeed, they are crucial to our success and growth as a Company, and to achieving our vision.

226 SERVICE STATIONS... AND GROWING

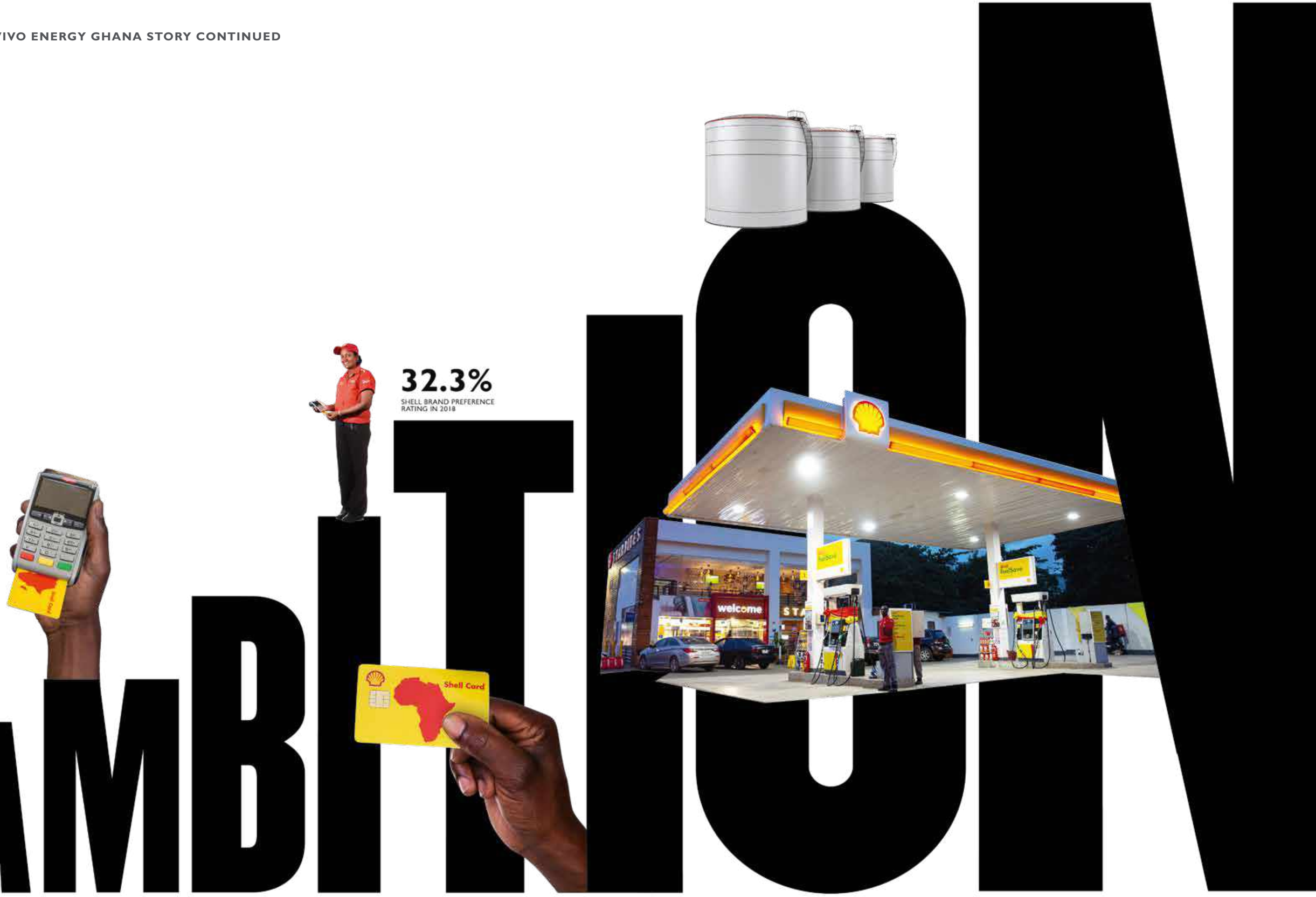
+14

SERVICE STATIONS ADDED TO THE NETWORK 2018

+4%

2018 YEAR-ON-YEAR
VOLUME GROWTH

GROWTH


32.3%
SHELL BRAND PREFERENCE RATING IN 2018
AMBITIOUS
Shell Card
welcome

A proud winner of a grand hyundai i10 in the 'Filling No Y3 Deep Promo Reloaded'.

Staff of Vivo Energy Ghana proudly display the CIMG Award for the Best Print Advert, Filling No Y3 Deep!

VIVO ENERGY GHANA

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixth Annual General Meeting of the Shareholders of Vivo Energy Ghana Limited (the "Company") will be held at the Christ the King Hall, Cantonments, Accra on Thursday 25th July 2019 at 11.00 am.

AGENDA

1. To re-elect Directors;
2. To consider the accounts and reports of the Directors and Auditors for the year ended 31st December 2018;
3. To declare dividends;
4. To fix remuneration of the Auditors;
5. To approve the remuneration of the Directors;
6. To increase the number of Directors from seven to nine.

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 WITH THE COMPANY SECRETARY AT THE REGISTERED OFFICE, P.O.BOX 1097 RANGOON LANE, CANTONMENTS CITY, 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 25TH DAY OF JUNE 2019.

BY ORDER OF THE BOARD

MARYAM KAMARA
COMPANY SECRETARY

> Our vision is to become Africa's most respected energy business.

THE BOARD CHAIRMAN'S STATEMENT

FRANCK KONAN-YAHAUT

> To achieve business growth and value for our stakeholders, we have set ambitious targets for 2019 and I am highly confident that the experienced team that steers Vivo Energy Ghana Limited will deliver on its plan and objectives.

Dear Shareholders,

On behalf of the Board and Management, I would like to take this opportunity to thank you for entrusting us with the company. We will continue to effectively manage it to achieve competitive returns on your valued investments.

2018 was quite difficult for the oil and gas industry, especially in the downstream sector. External factors such as the escalating world crude prices and falling prices of gold and cocoa affected the industry. The year also saw fierce price competition within the market which affected fuel supply margins and overall oil marketers' margins.

Locally, the industry was confronted with the depreciation of the cedi to the major trading currencies, particularly the dollar, and to general liquidity issues. However, through prudent management practices, unit cost of operations saw a reduction against our plan.

Despite these challenges, Vivo Energy Ghana Limited remained strong on the market and, in line with the Company's policy, competitive dividends will be paid to shareholders.

Vivo Energy Ghana Limited, as part of its modernisation plan, invested in the business to meet world-class standards and ensure that our service stations are accessible, clean, efficient, customer-friendly and designed to meet and exceed expectations.

The company expanded its footprint by opening 14 new Shell service stations at strategic locations to bring the Shell brand closer to our customers and provide them with high quality fuels, lubricants, shops and lube bay services. We also partnered with local and international food companies to provide customers with more offerings and experiences.

Our safety commitment as a company culminated in an outstanding HSSE performance as we achieved 3,689 Goal Zero days without any recordable incident that has direct consequence on people, assets, environment and our reputation. We continued to impact our communities positively by creating lasting social and economic benefit for these communities, engaging with them to earn their respect and trust.

To achieve business growth and value for our stakeholders, we have set ambitious targets for 2019 and I am highly confident that the experienced team that steers Vivo Energy Ghana Limited will deliver on its plan and objectives.

Thank you.

FRANCK KONAN-YAHAUT
BOARD CHAIRMAN

THE MANAGING DIRECTOR'S STATEMENT
BEN HASSAN OUATTARA

I am delighted to have joined Vivo Energy Ghana as the new Managing Director since January 2019. Prior to my appointment, I was the Managing Director of Vivo Energy Côte d'Ivoire, and the Chief Executive Officer of SIFAL Lubricant Blending Plant. I bring on board over 25 years of experience in the downstream oil and marine businesses and am determined to reach number one position in every business where we operate in Ghana.

I would like to thank my predecessor Mr Ebenezer Faulkner for building a strong team capable of delivering Vivo Energy's growth agenda. On this note, I present to you the 2018 business review.

RETAIL

Retail delivered a strong business performance. Fourteen (14) new service stations came on stream to end the year with a network size of 226 Shell service stations across the country.

On cards and payment solutions, the business, in partnership with Ecobank, deployed Ecobank POS and QR Code at selected Shell service stations to improve customer convenience and their payment experience.

CONVENIENCE RETAIL

As part of Vivo Energy's efforts to improve customer experience at Shell service stations, the company entered into a partnership with alliance partners including Burger King, KFC, Starbites and Ecobank to make Shell service stations the preferred destination for family and friends. This resulted in the opening of five quick restaurants and three welcome shops.

The year also saw the deployment of five ATMs across five service stations and the introduction of mobile financial services in fifty service stations.

LUBRICANTS

Lubricants remains an attractive but a challenging business considering the dynamics and complexities of an emerging economy like Ghana. The lubricants business saw a drop in volumes, with greatest impact from the commercial line of business. The influx of low grade lubricants into the country is still a challenge.

COMMERCIAL BUSINESS

2018 was a challenging year for the commercial business.

The mining sector, which forms a significant part of our commercial volumes, was also confronted with compounding challenges of falling commodity prices, cost of inflation and decreased productivity levels.

However, in the aviation business, Vivo Energy Ghana increased its market share.

SUPPLY AND DISTRIBUTION

Supply and distribution achieved another year without any recordable incident in both road transport and depot operations. About 608 million litres of high quality hydrocarbons were supplied to our customers, covering about 6 million kilometres, without any incident or spill. Through prudent management practices, unit cost of operations saw a reduction against plan. The year also saw fierce price competition within the market, which affected fuel supply margins and overall oil marketers' margin.

> "I am confident that, with the current winning mindset and talents in the company, we will take advantage of the opportunities that abound in 2019 to enable us to drive our business and meet our obligations to our shareholders."

MARKETING

Marketing had a good year considering the intense competition that characterised the industry. The flagship campaign 'Chairman Baako', which sought to showcase commercial drivers as important contributors to society and provide special services for them, yielded positive results. The campaign was judged the best fuels marketing campaign in the Vivo Energy Group while 'Filling no ye deep promo reloaded' was judged the best print advert campaign by the Chartered Institute of Marketing Ghana. The Shell brand still came top as the most preferred brand, with the highest share of visits in the oil marketing industry.

HEALTH, SAFETY, SECURITY AND ENVIRONMENT

Our Safety commitment as a company culminated in a strong HSSE performance for the year-end 2018. Vivo Energy Ghana achieved Goal Zero days of 3689 days as at the end of 2018 without any recordable incident that has direct impact on people, assets, environment and our reputation. This excellent HSSE performance shows our commitment to maintaining and embedding HSSE into our ways of doing business.

HUMAN RESOURCES

In 2018, the Human Resources team continued to play a significant role in upholding business culture, attracting and retaining employees, and providing them with invaluable knowledge while offering them the leadership and soft skills needed to perform to their best potential.

SOCIAL RESPONSIBILITY

Vivo Energy Ghana continued to reaffirm its commitment towards the socio-economic advancement of communities where it operates. Some of the sustainability initiatives embarked on in 2018 included the award-winning Fit2Drive Wellness and Road Safety campaign at various bus terminals in the Greater Accra Region, which won the Vivo Energy Group HSSE award; the donation of waste segregation bins to selected basic schools in the Greater Accra Region under the CyClean project; the training of both school children and commercial drivers on safe road practices under the 'My Road Safety, My Life' programme; and the donation of a digital X-ray machine to the New Abriem Government Hospital within the Newmont Akyem Mines.

OUTLOOK

Vivo Energy Ghana is determined to enhance operational efficiency, achieve growth and increase market share to maximise gains for our business.

I am confident that, with the current winning mindset and talents in the company, we will take advantage of the opportunities that abound in 2019 to enable us to drive our business and meet our obligations to our shareholders.

I look forward to a successful 2019.

Thank you.

BEN HASSAN OUATTARA
MANAGING DIRECTOR

CORPORATE INFORMATION

Directors	Franck Konan-Yahaut	Chairman (Appointed – 1 March 2019)
	Ben Hassan Ouattara	Managing Director (Appointed – 2 January 2019)
	Jean-Michel Arlandis	(Appointed – 17 October 2018)
	Reindolf Domey	(Appointed – 13 February 2019)
	Kwaku Bediako	(Appointed – 13 February 2019)
	Samuel Amankwah	
	Samuel Sarpong	
	Bernard Le Goff	Chariman (Resigned – 1 March 2019)
	Ebenezer Faulkner	Managing Director (Resigned – 31 December 2018)
	Vincent Richter	(Resigned – 31 January 2019)
	Samson Nyangiye	(Resigned – 1 October 2018)
	Kevin Fiifi Dadzie	(Resigned – 10 December 2018)
Company Secretary	Maryam Kamara Accra Digital Address GL-045-5051 Rangoon Lane, Cantonments City Accra – Ghana	
Registered office	P.O. Box 1097 Accra Digital Address GL -045-5051 Rangoon Lane, Cantonments City Accra – Ghana	
Registrar	Universal Merchant Bank Limited 57 Examination Loop North Ridge P.O. Box 401 Accra – Ghana	
Auditor	PricewaterhouseCoopers Chartered Accountants No. 12 Airport City Una Home, 3rd Floor PMB CT42 Cantonments Accra – Ghana	
Solicitors	Kudjawu & Co. JLD & MB Legal Consultancy AB & David Law Bentsi-Enchill, Letsa and Ankoma Sam Okudzeto & Associates ENS Africa Moomin & Botta Solicitors	
Bankers	Barclays Bank of Ghana Limited Ecobank Ghana Limited GCB Bank Limited Societe Generale Ghana Limited Standard Chartered Bank Ghana Limited Zenith Bank Ghana Limited	

BOARD OF DIRECTORS

Franck **KONAN–YAHAUT**
(CHAIRMAN)

Ben Hassan **OUATTARA**
(MANAGING DIRECTOR)

Jean-Michel **ARLANDIS**
(MEMBER)

Reindolf **DOMEY**
(MEMBER)

Kwaku **BEDIAKO**
(MEMBER)

Samuel **AMANKWAH**
(MEMBER)

Samuel **SARPONG**
(MEMBER)

Maryam **KAMARA**
(COMPANY SECRETARY)

Bernard **LE GOFF**
(RESIGNED)

Ebenezer **FAULKNER**
(RESIGNED)

Vincent **RICHTER**
(RESIGNED)

Samson **NYANGIYE**
(RESIGNED)

Kevin Fiifi **DADZIE**
(RESIGNED)

REPORT OF THE DIRECTORS

The directors submit their report to the members together with the audited financial statements of Vivo Energy Ghana Limited (the "Company") for the year ended 31 December 2018, which disclose the state of affairs of the Company.

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 applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards and complied with the requirements of the Companies Act, 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.

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are 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.

HOLDING COMPANY

The Company is a subsidiary of Vivo Energy Ghana Holding B.V., a company incorporated in The Netherlands.

FINANCIAL RESULTS	GH¢000
Profit for the year before income tax is	12,545
from which is added income tax credit of	3,681
giving a profit after income tax expense of	16,226
to which is added surplus brought forward on income surplus account of	235
from which is set aside proposed dividend for 2018 of	(16,226)
leaving a surplus carried forward on income surplus account of	235

DIVIDEND

The directors recommend the payment of a dividend of GH¢1.5356 per share amounting to GH¢16.226 million for the year ended 31 December 2018.

AUDITOR

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

BY ORDER OF THE BOARD

BEN HASSAN OUATTARA **SAMUEL AMANKWAH**

Date: **25 JUNE 2019**

FINANCIAL STATEMENTS

Here we set out our statutory accounts and supporting notes, which are independently audited and provide in-depth disclosure on the financial performance of our business.

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FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIVO ENERGY GHANA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Vivo Energy Ghana Limited as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179).

WHAT WE HAVE AUDITED

We have audited the financial statements of Vivo Energy Ghana Limited (the "Company") for the year ended 31 December 2018.

The financial statements on pages 19 to 41 comprise:

- the statement of profit or loss and other comprehensive income for the year 31 December 2018;
- the statement of financial position as at 31 December 2018;
- the statement of changes in equity for the year then ended;
- 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

INDEPENDENCE

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of post-employment medical benefits – GHS 14.2 million The Company provides post-employment medical benefits to its employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to a specified age and the completion of a minimum service period. The valuation of the post-employment medical benefits is considered a key audit matter because of the significant judgement and estimates involved in the methodology used in determining the present value of the company's future obligations in respect of beneficiaries. The valuations are carried out by independent experts and involves applying various assumptions relating to the average medical cost per life of members, inflation rate and discount rates. The accounting policies, critical estimates and judgements and disclosures are set out in note 2(q), note 3 and note 28 to the financial statements.	**Our audit procedures included the following:** We understood the nature, key terms and conditions of post-employment medical benefits provided. We reviewed the movement in the defined benefit obligation and checked reconciling items to supporting documents. We tested the mathematical accuracy of the data used by the actuary for the valuation. We obtained and reviewed the actuarial valuation performed by the independent valuer and assessed his competence, independence and objectivity in performing the valuation. We assessed the reasonableness of the discount rate assumption by comparing the rate used in the actuarial report to an independent discount rate. We assessed the reasonableness of the inflation rate assumption by comparing the rate used in the actuarial report to the Ghana consumer price index report at the end of 2018. We assessed the reasonableness of the average medical cost per life by checking the reasonableness of the number of members who joined during the year to the increase in average medical cost per life. We compared the valuation methodology used in the current year with that of the prior year for consistency. We checked the appropriateness and adequacy of the disclosures in compliance with International Financial Reporting Standards.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIVO ENERGY GHANA (CONTINUED)

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Chairman's Statement and the Report of the Directors but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 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.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit 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 internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Companies Act, 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 (statement of financial position) and the Company's profit and loss account (part of the statement of profit or loss and other comprehensive income) are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditors' report is George Kwesi Arhin (ICAG/P/1187).

PricewaterhouseCoopers (ICAG/F/2019/028)

Chartered Accountants

Accra, Ghana

Date: **25 JUNE 2019**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(All amounts are in thousands of Ghana cedis)

	Notes	2018	2017
Revenue from contracts with customers	5	**2,063,800**	1,551,667
Cost of sales	6	**(1,882,449)**	(1,380,576)
Gross profit		**181,351**	171,091
Selling, general and administrative expenses	7	**(184,007)**	(151,705)
Other income	8	**21,570**	14,466
Operating profit		**18,914**	33,852
Finance costs - net	9	**(6,469)**	(5,381)
Share of profit on investments accounted for using equity method	12	**100**	28
Profit before income tax		**12,545**	28,499
Income tax credit/(expense)	10	**3,681**	(7,727)
Profit for the year		**16,226**	20,772
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligation	28	**502**	(315)
Deferred tax on remeasurement of post-employment benefit obligation	10	**(126)**	79
Total other comprehensive income / (loss)		**(376)**	(236)
Total comprehensive income for the year		**16,602**	20,536
Basic earnings per share (in GH¢)	24	**1.5356**	1.96
Diluted earnings per share (in GH¢)	24	**1.5356**	1.96

The notes on pages 26 to 41 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

(All amounts are in thousands of Ghana cedis)

GH¢ '000	Notes	31 December 2018	31 December 2017
Assets			
Non-current assets			
Property, plant and equipment	11	**172,168**	127,281
Investment in joint venture	12	**488**	388
Deferred income tax assets	10	**6,838**	23
		179,494	127,692
Current assets			
Inventories	13	**72,651**	59,305
Trade and other receivables	14	**197,938**	246,132
Amount due from related parties	25	**5,336**	2,085
Current income tax	10	**18,896**	9,300
Cash and cash equivalents	15	**15,484**	13,410
		310,305	330,232
Total assets		**489,799**	457,924
Equity and liabilities			
Equity			
Stated capital	20	**2,311**	2,311
Proposed dividend	22	**14,960**	19,445
Other reserves	23	**321**	(55)
Income surplus account	21	**235**	235
Total equity		**17,827**	21,936
Liabilities			
Non-current liabilities			
Post-employment medical benefits	28	**14,235**	13,206
Borrowings	19	**2,800**	-
Finance lease obligations	17	**2,917**	8,659
		19,952	21,865
Current liabilities			
Trade and other payables	16	**338,896**	259,398
Borrowings	19	**4,864**	-
Finance lease obligations	17	**3,633**	420
Amount due to related parties	25	**38,550**	126,335
Bank overdrafts	15	**66,077**	27,970
Total current liabilities		**452,020**	414,123
Total liabilities		**471,972**	435,988
Total equity and liabilities		**489,799**	457,924

The notes on pages 26 to 41 are an integral part of these financial statements.

The financial statements on pages 19 to 41 were approved by the Board of Directors on 25 June 2019 and signed on its behalf by:

behalf by:

BEN HASSAN OUATTARA **SAMUEL AMANKWAH**

STATEMENT OF CHANGES IN EQUITY

(All amounts are in thousands of Ghana cedis)

	Stated capital	Income surplus account	Other reserves	Dividend	Total
Balance at 1 January 2018	**2,311**	**235**	**(55)**	**19,445**	**21,936**
Total comprehensive income for the year					
Profit for the year	**-**	**16,226**	**-**	**-**	**16,226**
Other comprehensive income, net of tax	**-**	**-**	**376**	**-**	**376**
Total comprehensive income for the year	**-**	**16,226**	**376**	**-**	**16,602**
Transactions with owners recognised directly into equity:					
Dividend proposed for 2018	**-**	**(16,226)**	**-**	**16,226**	**-**
Dividend paid for 2017	**-**	**-**	**-**	**(20,711)**	**(20,711)**
Total transactions with owners	**-**	**(16,226)**	**-**	**(4,485)**	**(20,711)**
Balance at 31 December 2018	**2,311**	**235**	**321**	**14,960**	**17,827**
Balance at 1 January 2017	2,311	174	181	24,834	27,500
Total comprehensive income for the year					
Profit for the year	-	20,772	-	-	20,772
Other comprehensive income, net of tax	-	-	(236)	-	(236)
Total comprehensive income for the year		20,772	(236)	-	20,536
Transactions with owners recognised directly into equity:					
Dividend proposed for 2017	-	(20,711)	-	20,711	-
Dividend paid for 2016	-	-	-	(26,100)	(26,100)
Total transactions with owners recognised directly into equity	2,311	(20,711)	-	(5,389)	(26,100)
Balance at 31 December 2017		235	(55)	19,445	21,936

The notes on pages 26 to 41 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(All amounts are in thousands of Ghana cedis)

GH¢ '000	Notes	31 December 2018	31 December 2017
Profit before tax		**12,545**	28,499
Adjustment for:			
Depreciation	11	**19,591**	12,277
(Profit)/loss on disposal of property, plant and equipment	11	**(5,052)**	1,379
Share of profit in joint venture	12	**(100)**	(28)
IFRS 16 Adjustment		**-**	(145)
Post-employment benefit	28	**2,526**	2,191
Post-employment benefit paid	28	**(995)**	(930)
Increase in inventories		**(13,346)**	(12,292)
Decrease /(increase) in trade and other receivables		**48,194**	(44,698)
Increase in amount due from related parties		**(3,251)**	(318)
Increase in trade and other payables		**79,498**	16,994
Decrease/(increase) in finance lease obligations		**(2,529)**	1,939
(Decrease)/increase in amount due to related parties		**(87,785)**	13,659
Finance costs		**8,919**	6,561
Finance income		**(2,450)**	(1,180)
Cash flows from operations		**55,765**	23,908
Interest expenses paid		**(7,773)**	(4,477)
Interest received		**1,439**	1,180
Tax paid	10	**(12,703)**	(13,824)
Net cash inflow from operating activities		**36,728**	6,787
Cash flow from investing activities			
Purchase of property, plant and equipment	11	**(64,478)**	(33,152)
Proceeds from disposal of property, plant and equipment	11	**5,052**	2
Net cash outflow from investing activities		**(59,426)**	(33,150)
Cash flow from financing activities			
Dividend paid		**(20,711)**	(26,100)
Drawdown on borrowings	19	**9,745**	-
Repayments of borrowings	19	**(2,369)**	-
Net cash outflow from financing activities		**(13,335)**	(26,100)
Net increase in cash and cash equivalents		**(36,033)**	(52,463)
Cash and cash equivalents as at 1 January		**(14,560)**	37,903
Cash and cash equivalents as at 31 December		**(50,593)**	(14,560)

The notes on pages 26 to 41 are an integral part of these financial statements.

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NOTES

1. GENERAL INFORMATION

Vivo Energy Ghana Limited is a private limited liability company incorporated under the Companies Act, 1963 (Act 179) and domiciled in Ghana. 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. The address of its registered office is: Vivo Energy House, P. O. Box 1097, Accra. Digital Address - GL-045-5051, Rangoon Lane, Cantonments City, Accra – Ghana.

For Companies Act, 1963 (Act 179) reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by part of the statement of profit or loss and other comprehensive income, in these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), and the requirements of the Companies Act, 1963 (Act 179). The financial statements have been prepared on a going concern basis and under the historical cost convention except for the valuation of post-employment benefit obligations.

i) Basis of measurement

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

ii) Changes in accounting policies and disclosures

– *New standards, amendments and interpretations adopted by the Company*

The Company has applied the following standards and interpretations for the first time to their annual reporting period commencing 1 January 2018:

– Interpretation 22 Foreign Currency Transactions and Advance Consideration
– Annual Improvements 2014 - 2016 Cycle

The Company elected to early adopt the following standards for their annual reporting period commencing 1 January 2017:

– IFRS 9 Financial Instruments
– IFRS 15 Revenue from Contracts with Customers
– IFRS 16 Leases

The Company has assessed the effects of the new and amended standards and appropriately reflected them in the financial statements.

– *New standards and interpretations that are not yet adopted by the Company*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early-adopted by the Company.

Interpretation 23 'Uncertainty over Income Tax Treatments' explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements. The Company will apply the 'Interpretation 23' from its mandatory adoption date of 1 January 2019.

The full impact of Interpretation 23 on the Company was yet to be completed by the directors as at 31 December 2018.

Annual Improvements to IFRS Standards 2015 – 2017 Cycle were finalised in December 2017.

These improvements include:

- IAS 12 - clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The Company will apply the 'Annual Improvements' from its mandatory adoption date of 1 January 2019. The full impact of these 'Annual Improvements' on the Company was yet to be completed by the directors as at 31 December 2018.

There are no other standards or interpretations that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

(b) Joint arrangement

The Company has applied IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Company has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses and movements in other comprehensive income.

When the Company's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Company's net investment in the joint ventures), the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Company and its joint ventures are eliminated to the extent of the Company's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ghana cedis, which is the Company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within selling, general and administrative expenses.

(d) Revenue from contracts with customers

Revenue is recognised upon delivery of products and customer acceptance. Revenue is shown at net of value added taxes and discounts. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met.

The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Financing component: the Company does not expect to have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Property, plant and equipment classified as work in progress are not depreciated. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Leasehold land and buildings	Over period of lease
Rights of use of assets	Over period of lease
Motor vehicles	20% - 33.3%
Plant and machinery	4% - 20%
Furniture, fittings and computer equipment	15% - 33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

(f) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are valued using the weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(h) Financial assets

(i) Classification

The Company classifies its financial assets as 'financial assets measured at amortised cost'. Financial instruments are classified as 'financial assets at amortised cost' when both criteria outlined below are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows; and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

NOTES (CONTINUED)

(h) Financial assets (continued)

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Company measures its financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent to initial recognition, these assets are measured at amortised cost using the effective interest rate method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the statement of profit or loss and other comprehensive income (profit or loss accounts) and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income (profit or loss accounts).

(iv) Impairment

The Company applies the expected credit loss (ECL) model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, trade receivables and other financial assets. ECL is the difference between the contractual cash flows and the cash flows that the entity expects to receive discounted using effective interest rate. Loss allowances for financial assets other than trade receivables are measured at an amount equal to lifetime (ECLs).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Lifetime ECL is computed based on a provision matrix, which takes into account historical credit loss experience adjusted for forward looking information. For trade receivables and other financial assets, ECL is measured at the amount equal to 12 months ECL unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime ECL.

(i) Financial liabilities

The Company's financial liabilities comprise trade and other payables and amount due to related parties. These financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expired.

(j) Determination of fair value

For financial instruments traded in active markets, the determination of fair values is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges. The quoted market price used for financial assets is the current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the reporting dates.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment.

(k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(l) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected within one year or less, they are classified as current assets. If not, they are presented as non-current. Other receivables amounts generally arise from transactions outside the usual operating activities of the Company. Prepayments are recognised at cost and amortised over the period of the service for which the payment was made.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period, in which case borrowings are classified as non-current.

(n) 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 the amount has been reliably estimated. Restructuring provisions comprise employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(o) Stated capital

Ordinary shares are classified as 'stated capital' in equity. All shares are issued at no par value.

(p) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(q) Employee benefits

Defined contribution plan

The Company and all its employees contribute to a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company has a provident fund scheme for staff under which the Company contributes 10% of staff basic salary. The Company's obligations under the plan are limited to the relevant contributions and these are settled on due dates.

The contributions are recognised as an employee benefit expense when they are due.

Long service award

Employee entitlements to long service awards are recognised when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the reporting date. The Company recognises a liability and an expense for bonuses taking into consideration the profit attributable to the Company's shareholders. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Post-employment obligations

The Company provides post-employment medical benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. The present value of the obligation is determined by discounting the estimated future cash outflows using the Bank of Ghana's long-term inflation target. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(r) Income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Current income tax is the amount of tax payable on taxable profit for the year in accordance with relevant tax laws. The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities which affects neither taxable income/loss nor accounting profit/loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(s) Dividends

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared by the members through a members' resolution.

(t) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Company leases certain property, plant and equipment. Lease of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the lease property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in non-current liabilities.

The interest element of the finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the assets' useful life and the lease term.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(All amounts are in thousands of Ghana cedis unless otherwise stated.)

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Post-employment medical benefits

The present value of medical pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for medical pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash flows expected to be required to settle the pension obligations. Other key assumptions for the pension obligations are based on market conditions. Additional information is disclosed in Note 28.

NOTES (CONTINUED)

Accounting for leases under IFRS 16

In establishing the lease term for each lease contract that has an option to extend, judgement has been applied to determine the extension period. When it is concluded that it is reasonably certain that the extension option will be utilised, the lease term is extended to include the reasonably certain period of five years. The lease agreements have the option to extend the leases and the option to terminate the leases. The extension options in different contracts vary between five years to unlimited period. The Company uses significant assumption that all of the existing leases that are expiring within the following five years that have an extension option will be extended for an additional five-year period, when determining the lease term. In addition, IFRS 16 requires lease payments to be discounted using the interest rate implicit in the lease. In case the interest rate implicit in the lease cannot be readily determined, the incremental borrowing rate should be used. That is the rate of interest that a lessee would have to pay to borrow over a similar value to the right of use asset in a similar economic environment. Accordingly, the Company elected to use the borrowing rates needed to borrow to acquire the asset.

Impairment of trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. In applying the provision matrix, the Company estimates the ultimate write offs for a defined population of trade receivables. A loss ratio is calculated according to the ageing profile of the trade receivables by applying the historic default rate to the payment profile of the population adjusted to reflect current and forward looking information on macroeconomic factors. The Company exercises significant judgements in the inputs, assumptions and techniques for estimating ECL, default and credit impaired assets.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Company does not hedge any of its risk exposures.

Financial risk management is carried out by the finance department under policies approved by the Board of Directors.

Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various transactions, primarily with respect to the US dollar. Management's policy to manage foreign exchange risk is to hold bank accounts in foreign currency for purchases of imported petroleum products.

At 31 December 2018, if the currency had weakened/strengthened by 6% (2017: 10%) against the US dollar with all other variables held constant, post-tax profit for the year and equity would have been GH¢56,576 (2017: GH¢2,424,517) higher/lower, mainly as a result of US dollar denominated trade and other payables, trade and other receivables, amount due from related parties and bank balances.

Price risk

The Company is not exposed to equity securities price risk because it does not undertake such investments. The Company is not exposed to commodity price risk. This is because the Company does not have commodity purchase contracts that meet the definition of a financial instrument under IFRS 9.

Cash flow and fair value interest rate risk

The sensitivity analysis for interest rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date. The Company has used the sensitivity analysis technique to measure the estimated impact in the profit or loss.

As at 31 December 2018, if market interest rate had been 100 basis points higher/lower with all variables held constant, post-tax profit for the year would have been GH¢19,160 lower/higher as a result of interest expense on borrowings (2017: Nil).

Credit risk

Credit risk arises from cash and cash equivalents with financial institutions as well as credit exposures to customers, including outstanding receivables and committed transactions. Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Credit Controller is responsible for managing and analysing credit risk for each new client before standard payment and delivery terms are offered. Credit risk arises from cash at bank, as well as trade and other receivables. The Company does not have any significant concentrations of credit risk.

The Company transacts business with only financial institutions licensed by the regulator of banks. For trade receivables, the credit controller assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivables. The balances are covered by guarantees that can cover for any instance of default. Based on the historical trends of defaults, there are very minimal instances of default under 180 days. Accordingly, under the impairment model, the estimated credit losses for all receivables up to 180 days will be 0% and 100% above 180 days. Impairment losses on accounts receivables and amounts due from related parties are presented as net impairment losses in the statement of profit or loss and other comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

(All amounts are in thousands of cedis unless otherwise stated)

The table below summarises the maximum exposure to credit risk as follows:

	2018	2017
Trade and other receivables (excluding prepayments)	166,970	198,003
Impairment charge	(15,685)	(8,021)
Net trade and other receivables	151,285	189,982
Cash and bank balances	18,511	13,410
Amount due from related parties	5,336	2,085
Total credit risk exposure	175,132	205,477

No collateral is held in respect of the above assets.

Financial instruments subject to impairment:

			2018	2017
Financial asset	Not impaired	Credit impaired	Total	
Cash and bank balances	18,511	-	18,511	13,410
Trade receivables	150,804	15,685	166,489	175,799
Other receivables	481	-	481	22,204
Amount due from related parties	5,336	-	5,336	2,085
Gross carrying amount	175,132	15,685	190,817	213,498
Loss allowance	-	(15,685)	(15,685)	(8,021)
Net carrying amount	175,132	-	175,132	205,477

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk by maintaining adequate cash reserves and calling on short-term borrowing. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities.

Management performs cash flow forecasting and monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet its operational needs.

The table below analyses the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows:

At 31 December 2018	Income surplus account	More than 1 year	Less than 1 year	More than 1 year
	Carrying value	Carrying value	Cash flow	Cash flow
Trade and other payables (excluding statutory payments)	326,619	-	326,619	-
Amount due to related parties	38,550	-	38,550	-
Finance lease obligations	3,633	2,917	3,633	4,063
Borrowings	4,864	2,800	5,331	2,954
At 31 December 2017	373,666	5,717	373,666	7,017
Trade and other payables (excluding statutory payments)	175,641		175,641	
Amount due to related parties	126,335		126,335	
Finance lease obligations	420	8,659	420	7,486
	302,396	8,659	302,396	7,486

NOTES (CONTINUED)

(All amounts are in thousands of Ghana cedis unless otherwise stated)

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value of financial assets and liabilities

The following table summarises the fair values and carrying amounts of the various financial assets and financial liabilities. The carrying amounts of the following financial assets and liabilities are a reasonable approximation of their fair value due to their short-term nature. For the non-current financial assets and liabilities, the fair values are not materially different to their carrying amounts, since the interest payable is close to current market rates.

	At 31 December 2018		At 31 December 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortised cost				
Trade and other receivables (less prepayments)	**151,285**	**151,285**	189,982	189,982
Amount due from related parties	**5,336**	**5,336**	2,085	2,085
Cash and bank balances	**18,511**	**18,511**	13,410	13,410
	175,132	**175,132**	205,477	205,477
Financial liabilities at amortised costs				
Trade and other payables (excluding statutory payments)	**326,619**	**326,619**	174,787	174,787
Finance lease obligations	**6,550**	**6,550**	9,079	9,079
Bank overdrafts	**69,104**	**69,104**	27,970	27,970
Amounts due to related parties	**38,550**	**38,550**	126,334	126,334
Borrowings	**7,664**	**7,664**	-	-
	448,487	**448,487**	338,170	338,170

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position plus net debt.

The gearing ratio at year end was as follows:

	2018	2017
Borrowings	**(7,664)**	-
Cash and bank balances	**15,484**	13,410
Bank overdrafts	**(66,077)**	(27,970)
Cash and cash equivalents	**(50,593)**	(14,560)
Net debt	**(58,257)**	(14,560)
Total equity	**17,827**	21,936
Total capital	**(40,430)**	7,376
Gearing ratio	**144%**	-

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2018	2017
Gross revenue less discounts	**2,822,989**	2,353,585
Customs duties and levies	**(759,189)**	(801,918)
Net revenue	**2,063,800**	1,551,667
Analysis of net revenue by category:		
Export sales	**6,838**	7,597
Local sales	**2,056,962**	1,544,070
	2,063,800	1,551,667

6. COST OF SALES

	2018	2017
Direct costs	**1,795,017**	1,310,027
Transport and other freight costs	**87,432**	70,549
	1,882,449	1,380,576

7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2018	2017
Staff costs	**34,085**	25,403
Depreciation (Note 11)	**19,591**	12,277
Auditor's remuneration	**569**	311
Directors' emoluments	**5,919**	4,518
Donations	**832**	1,095
Promotional expenses	**5,753**	5,556
Service fees	**64,774**	63,516
Impairment loss	**7,664**	6,322
Insurance expenses	**1,099**	1,373
Rent expenses	**2,497**	4,324
Office consumables	**5,052**	5,296
Exchange differences (net)	**4,054**	1,534
Repairs and maintenance	**8,787**	8,580
Other administrative and general expenses	**23,331**	11,600
	184,007	151,705
The staff costs comprise:		
Wages, salaries and performance rewards	**10,911**	12,161
Staff welfare	**4,063**	3,469
Staff allowances	**5,995**	2,845
Social security contributions	**1,366**	1,155
Provident fund contributions	**1,060**	898
Post-employment medical benefits	**1,229**	2,191
Redundancy costs	**6,083**	751
Other staff related costs	**3,378**	1,933
	34,085	**25,403**

The average number of persons employed by the Company during the year was 149 (2017: 145).

8. OTHER INCOME

Profit on disposal of property, plant and equipment	**5,052**	-
Rental income	**258**	280
Sundry income	**128**	2
Non-fuel revenue	**56**	10,116
Dealership fees	**16,076**	4,068
	21,570	14,466

9. FINANCE COSTS AND INCOME

Interest expense on bank overdrafts	**(7,485)**	(4,477)
Interest expense on loans	**(288)**	-
Interest expense – finance lease	**(1,146)**	(2,084)
	(8,919)	(6,561)
Interest income	**2,450**	1,180
Net finance costs	**(6,469)**	(5,381)

NOTES (CONTINUED)

(All amounts are in thousands of Ghana cedis unless otherwise stated)

10. INCOME TAX

	2018	2017
Income tax (credit)/expense in the statement of profit or loss comprises:		
Current income tax expenses	3,134	8,743
Deferred income tax credit	(6,815)	(1,016)
	(3,681)	7,727

Current income tax

	Balance at 1 January	Charge for the year	Payments in the year	Balance at 31 December
Year of assessment				
Up to 2017	(9,300)	-	-	(9,300)
2018	-	3,134	(12,703)	(9,569)
	(9,300)	3,134	(12,703)	(18,869)
Year of assessment				
Up to 2016	(4,219)	-	-	(4,219)
2017	-	8,743	(13,824)	(5,081)
	(4,219)	8,743	(13,824)	(9,300)

Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 25% (2017: 25%).
The movement on the deferred income tax (assets)/liabilities account is as follows:

	2018	2017
At 1 January	(23)	1,072
Credit to statement of profit or loss	(6,689)	(1,016)
Credit to other comprehensive income	(126)	(79)
At 31 December	(6,838)	(23)

Deferred income tax assets and liabilities and deferred income tax charge in the statement of profit or loss and other comprehensive income are attributable to the following items:

Year ended 31 December 2018	At 1 January	(Credit) / charge to profit or loss	Credit to other comprehensive income	At 31 December
Deferred income tax liabilities/(assets)				
Accelerated tax depreciation	5,731	(4,788)	-	943
Other deductible temporary differences	(3,301)	(433)	(126)	(3,860)
Provision for doubtful debt	(2,005)	(1,916)	-	(3,921)
IFRS 16 adjustment	(448)	448	-	-
Net deferred income tax assets	**(23)**	**(6,689)**	**(126)**	**(6,838)**

Year ended 31 December 2017	At 1 January	(Credit) / charge to profit or loss	Credit to other comprehensive income	At 31 December
Deferred income tax (assets)/ liabilities				
Accelerated tax depreciation	4,926	805	-	5,731
Other deductible temporary differences	(3,134)	(88)	(79)	(3,301)
Provision for doubtful debt	(426)	(1,579)	-	(2,005)
IFRS 16 Adjustment	(294)	(154)	-	(448)
Net deferred income tax assets	**1,072**	**(1,016)**	**(79)**	**(23)**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2018	2017
Profit before income tax	12,545	28,499
Tax calculated at the statutory income tax rate of 25% (2017: 25%)	3,136	7,125
Adjusted for tax effect of:		
Expenses not deductible for tax purposes	(1001)	(274)
Income subject to tax at different rates	1,546	876
Income tax expense	3,681	7,727

11. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2018	Leasehold land and building	Motor vehicles	Plant and machinery	Furniture, fittings and computer equipment	Right of use assets	Capital work-in-progress	Total
Cost							
At 1 January	58,599	7,044	49,948	22,928	9,978	29,159	177,656
Additions	16,410	758	10,934	6,025	26,096	4,255	64,478
Disposals	-	(332)	-	-	-		(332)
Transfers	13,226	2,217	10,097	3,619	-	(29,159)	-
At 31 December	88,235	9,687	70,979	32,572	36,074	4,255	241,802
Accumulated depreciation							
At 1 January	12,620	4,040	20,428	10,596	2,691	-	50,375
Charge for year	2,650	1,808	6,145	4,925	4,063		19,591
Release on disposals	-	(332)	-	-	-	-	(332)
At 31 December	15,270	5,516	26,573	15,521	6,754	-	69,634
Net book amount at 31 December 2018	72,965	4,171	44,406	17,051	29,320	4,255	172,168
Year ended 31 December 2017							
Cost							
At 1 January	49,747	6,048	45,489	15,762	7,620	21,219	145,885
Additions	4,195	357	1,361	2,632	2,358	22,249	33,152
Disposal	-	-	-	-	-	(1,381)	(1,381)
Transfers	4,657	639	3,098	4,534	-	(12,928)	-
At 31 December	58,599	7,044	49,948	22,928	9,978	29,159	177,656
Accumulated depreciation							
At 1 January	10,555	2,818	16,247	6,824	1,654	-	38,098
Charge for the year	2,065	1,222	4,181	3,772	1,037	-	12,277
At 31 December	12,620	4,040	20,428	10,596	2,691	-	50,375
Net book amount at 31 December 2017	45,979	3,004	29,520	12,332	7,287	29,159	127,281

(Profit)/loss on disposal of property, plant and equipment

	2018	2017
Cost	332	1,381
Accumulated depreciation	(332)	-
Net book amount	-	-
Proceeds from disposal	(5,052)	(2)
(Profit)/loss on disposal of property, plant and equipment	(5,052)	1,379

12. INVESTMENT IN JOINT VENTURE

Investment in joint venture represents the cost of ordinary shares held by the Company in Road Safety Limited (RSL), a company incorporated and domiciled in Ghana. The Company holds 50% of ownership interest in RSL.

The movement in investment in joint venture recognised in the financial statement is as follows:

	2018	2017
At 1 January	388	360
Share of profit	100	28
At 31 December	488	388

NOTES (CONTINUED)

(All amounts are in thousands of Ghana cedis unless otherwise stated)

12. INVESTMENT IN JOINT VENTURE (CONTINUED)

Summarised financial information for joint venture

Set out below is the summarised financial information for Road Safety Limited which is accounted for using the equity method:

Summarised statement of financial position

	2018	2017
Cash and cash equivalents	2	9
Share of profit	1,259	1,092
Total current assets	1,261	1,101
Trade payables	(766)	(369)
Other current liabilities	(77)	(174)
Total current liabilities	(843)	(543)
Total non-current liabilities	(596)	(1,006)
Non-current assets	208	1,225
Net assets	30	777

Summarised statement of comprehensive income

Revenue	3,302	3,156
Cost of sales	(1,180)	(1,399)
Gross profit	2,122	1,757
General, selling and administrative expenses	(1,865)	(1,694)
Operating profit	257	63
Other income	9	13
Profit before tax	266	76
Income tax expense	(66)	(19)
Net profit for the year	200	57

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture

	2018	2017
Opening net assets	777	720
Profit for the year	200	57
Closing net assets	977	777
Interest in joint venture at 50%	488	388
Carrying amount	488	388

13. INVENTORIES

	2018	2017
Product stocks	72,651	59,305

14. TRADE AND OTHER RECEIVABLES

	2018	2017
Financial assets at amortised cost		
Trade receivables (gross)	166,489	175,799
Less: loss allowance	(15,685)	(8,021)
Trade receivables (net)	150,804	167,778
Amount due from staff	481	429
Other receivables	-	21,775
	151,285	189,982
Non-financial asset		
Prepayments	46,653	56,150
	197,938	246,132

The maximum amount of staff loans during the year did not exceed GH¢481,000 (2017: GH¢429,000).
The movements on provision for impairment of trade receivables are as follows:

	2018	2017
At 1 January	8,021	1,702
Increase during the year	7,664	6,319
At 31 December	15,685	8,021

The carrying amounts of trade and other receivables approximate their fair value due to their short- term nature.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2018	2017
Cash and bank balances	15,484	13,410
Bank overdraft (Note 18)	(66,077)	(27,970)
	(50,593)	(14,560)

16. TRADE AND OTHER PAYABLES

	2018	2017
Trade payables	247,866	205,744
Other payables	75,712	31,641
Accruals	15,318	22,013
	338,896	259,398

The carrying amounts of trade and other payables approximate their fair value due to their short-term nature.

17. FINANCE LEASE OBLIGATIONS

	2018	2017
Current	3,633	420
Non-current	2,917	8,659
	6,550	9,079

Commitments in relation to finance leases are payable as follows:

	2018	2017
No later than 1 year	3,633	3,176
Later than 1 year and no later than 5 years	2,292	5,639
Later than 5 years	1,771	1,817
Future finance charges on finance lease	(1,378)	(1,553)
Present value of finance lease liabilities	6,550	9,079

18. BANK OVERDRAFTS

The Company has an unsecured overdraft facility not exceeding GH¢22 million (2017: GH¢21.6 million) with Societe Generale Ghana Limited attracting interest at 21% p.a.

The Company has an unsecured overdraft facility not exceeding GH¢12 million with Standard Chartered Bank attracting interest at 20% p.a. (2017: Nil).

The Company has an overdraft facility with clean security not exceeding GH¢8 million with Zenith Bank Ghana Limited attracting interest at 20% p.a. (2017: Nil).

The Company has a multi-option facility not exceeding US$2.5 million (2017: Nil) with Barclays Bank of Ghana Limited. The Company did not utilise this facility during the year.

NOTES (CONTINUED)

(All amounts are in thousands of Ghana cedis unless otherwise stated)

19. BORROWINGS

	1 January 2018	Drawdowns	Interest expense	Repayments	31 December 2018
Borrowings					
Term loan	-	9,745	288	(2,369)	7,664
	-	9,745	288	(2,369)	7,664

	2018	2017
Non-current portion	2,800	-
Current portion	4,864	-
Total borrowings	7,664	-

The Company secured a two year term loan facility of GH¢9.74million (US$2.05 million) from Ecobank Ghana Limited. The facility attracts an interest rate of 11% per annum. The period of the facility is from 17 July 2018 to 31 July 2020.

20. STATED CAPITAL

The authorised shares of the company are 12,000,000 (2017 :12,000,000) ordinary shares of no par value. The shares have been issued as follows:

	Number of shares		Amount	
	2018	2017	2018	2017
Cash consideration	5,283,900	5,283,900	2,220	2,220
Consideration other than cash	3,791,697	3,791,697	67	67
Transfer from income surplus account	1,491,203	1,491,203	24	24
	10,566,800	10,566,800	2,311	2,311

The transfer from income surplus account is in accordance with Section 74(1) of the Companies Act, 1963 (Act 179).

There are no treasury shares and there are no calls or instalments unpaid on any share. There was no movement on stated capital during the year (2017: Nil).

21. INCOME SURPLUS ACCOUNT

The income surplus balance represents the earnings retained by the Company. Movements in the income surplus account are shown in the statement of changes in equity on page 20.

22. DIVIDENDS

At the next annual general meeting, the directors will recommend payment of a dividend of GH¢1.5356 per share amounting to GH¢16.226 million for the year ended 31 December 2018 (2017: GH¢1.96 per share amounting to GH¢20,710,928). The amount has been set aside in equity as proposed dividend.

Payment of dividends is subject to the withholding tax rates of up to 8% depending on the resident status of the shareholders.

23. OTHER RESERVES

Other reserves represent actuarial gains and losses on post-employment medical benefits recognised through other comprehensive income.

	2018	2017
At 1 January	(55)	181
Actuarial loss	502	(315)
Deferred income tax	(126)	79
At 31 December	321	(55)

24. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares to assume all dilutive potential ordinary shares. The Company has no convertible notes and share options which could potentially dilute its earnings per share. Hence, basic and diluted earnings per share remains the same.

	2018	2017
Profit attributable to equity holders of the Company	16,226	20,772
Weighted average number of ordinary shares ('000)	10,567	10,567
Basic and diluted earnings per share expressed in GH¢ per share	1.5356	1.96

25. RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions, or one other party controls both. The Company is a subsidiary of Vivo Energy Ghana Holding B.V. The Company is also related to other entities through common shareholding and directorship.

Transactions with key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Vivo Energy Ghana Limited (directly or indirectly) and comprise the executive directors and senior management of Vivo Energy Ghana Limited. There were no material transactions with companies in which directors or other members of key management personnel (or any connected person) are related.

Remuneration of executive directors and other key management personnel is as follows:

	2018	2017
Salaries and other short-term benefits	9,041	7,598
Pension and provident fund contributions	568	456
Basic and diluted earnings per share expressed in GH¢ per share	9,609	8,054

Transactions with non-executive directors

Fees and allowances paid to non-executive directors during the year amounted to GH¢142,838 (2017: GH¢5,399).

Transactions with related parties

The following transactions were carried out with related parties during the year.

Purchase of products:

Shell & Vivo Lubricants Ghana	147,550	131,270
Shell & Vivo Lubricants DMCC	428	2,995
Chase Petroleum Group	98,148	316,002
Vivo Energy Cote D'Ivoire	146	-

Sale of products:

Helios	8,051	12,858
Vivo Energy Cote D'Ivoire	118,600	-
Vitol Aviation	127,581	-

Services rendered by related parties:

Shell Brands International AG	17,089	14,785
Vivo Energy Mali	160	286
Vivo Energy Kenya	74	104
Vivo Energy Senegal	21	139
Vivo Energy Cape Verde	261	-
Vivo Energy Uganda	13	-
Vivo Energy Africa Services	45,909	24,306

Services rendered to related parties:

Vivo Energy Investments BV	1,899	663
Shell and Vivo Lubricants Ghana	-	462
Vivo Energy Botswana	-	214
Vivo Energy Cote D'Ivoire	-	92

Year-end balances arising from transactions with related parties:

Amount due from related parties		
Vivo Energy Investment B.V.	1,559	550
Helios	68	1,107
Vivo Energy Senegal	3,695	187
Vivo Energy Botswana	-	125
Shell and Vivo Lubricants Ghana	-	116
Vitol Aviation	14	-
	5,336	2,085

NOTES (CONTINUED)

(All amounts are in thousands of Ghana cedis unless otherwise stated)

25. RELATED PARTY DISCLOSURES (CONTINUED)

Amount due to related parties (continued)	2018	2017
Shell and Vivo Lubricants DMCC	17,128	37,481
Shell and Vivo Lubricants Ghana	-	17,604
Shell Brands International AG	8,391	47,285
Chase Petroleum Group	15	15
Vivo Energy Mali	12,893	23,801
Vivo Energy Africa Services	-	10
Vivo Energy Cote d'Ivoire	78	-
Vivo Energy Kenya	-	139
Vivo Energy Senegal	30	-
	15	-
	38,550	126,335

26. CONTINGENT LIABILITIES

The Ghana Revenue Authority (GRA) conducted a tax audit of the Company for each year of assessment between 2011 to 2014. The Company is yet to conclude the final tax position with the Ghana Revenue Authority.

27. CAPITAL COMMITMENTS

There are no commitments for capital expenditure as at 31 December 2018 (2017: Nil).

28. POST-EMPLOYMENT BENEFIT

The movement in the unfunded post-employment medical benefits during the year is as follows:

	2018	2017
At 1 January	13,206	11,630
Included in statement of profit or loss:		
Current service costs	214	228
Curtailment	82	-
Interest expense	2,230	1,963
	2,526	2,191
Included in other comprehensive income:		
Actuarial remeasurement		
- Losses due to experience on defined benefit obligations	(502)	315
	(502)	315
Other:		
Benefits paid	(995)	(930)
At 31 December	14,235	13,206

The most significant assumptions underlying the Company's post-employment benefit obligation are detailed below:

Discount rate	15.0%	17.5%
Inflation rate	10.0%	17.5%
Medical inflation rate	10.0%	12.5%
Average medical cost per life (GH¢)	5,000	4,600

Discount rate

The pension liability is calculated using a discount rate set with reference to the Bank of Ghana's long-term inflation target as there no high quality corporate bonds in Ghana. The discount rate is the rate that is used to determine the present value of estimated future cash flows expected to be required to settle the pension obligations. There are no plan assets supporting the pension obligations.

28. POST-EMPLOYMENT BENEFIT (CONTINUED)

(All amounts are in thousands of Ghana cedis unless otherwise stated)

The table below shows the sensitivity analysis:

At 31 December 2018		Discount rate	Discount rate
		+ 0.5%	-0.5%
Post-employment medical benefits	14,235	13,568	14,963
At 31 December 2017		**Discount rate**	**Discount rate**
		+ 0.5%	-0.5%
Post-employment medical benefits	13,206	12,551	13,922

Medical inflation and inflation rate

The Company's pension obligations are linked to inflation. Higher inflation will lead to higher liabilities. There are no plan assets meaning that an increase in inflation will increase the plan deficit.

The table below shows the sensitivity analysis:

At 31 December 2018		Discount rate	Discount rate
		+ 0.5%	-0.5%
Post-employment medical benefits	14,235	14,994	13,536
At 31 December 2017		**Discount rate**	**Discount rate**
		+ 0.5%	-0.5%
Post-employment medical benefits	13,206	13,951	12,521

Life expectancy

The plan's obligations are to provide medical benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

Expected maturity analysis of undiscounted post-employment medical benefits:

At 31 December 2018	Less than a year	Over 1 year	Total
Post-employment medical benefits	147	14,235	14,382
Post-employment medical benefits	14,235	14,994	13,536
At 31 December 2017			
Post-employment medical benefits	214	13,206	13,420

The expected benefit payments to the post-employment medical plan for the year ended 31 December 2019 are GH¢1,109,000 (2018: GH¢995,000).

The weighted average duration of the defined benefit obligation is 11 years (2017: 12 years).

29. EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no events after the end of the reporting period that could have had a material effect on the state of affairs of the Company as at 31 December 2018 and on the results for the year then ended which have not been adequately provided for and/or disclosed.

Commissioning of the first ever Burger King drive-through Palace at Airport City Shell service station.

Commercial drivers checking their health status after the launch of Vivo Energy Ghana's award-winning Fit2Drive wellness and road safety programme.

The first ever Burger King drive-through Palace at Airport City Shell service station.

The launch of Vivo Energy Ghana's award-winning Fit2Drive wellness and road safety programme in partnership with Vivo Energy Ghana Transporters.

A lucky winner of a motorcycle in the 'Filling No Y3 Deep Promo Reloaded'.

VIVO ENERGY GHANA

PROXY FORM

I/We .....

of .....

being a member/members of the above-named Company, hereby appoint .....

of.....

or failing him/her.....

of .....

as my/our proxy to vote for me/us and on my/our behalf at the Annual Meeting of Shareholders of the Company, to be held on Thursday the 25th day of July and at any adjournment thereof.

I/We desire my/our vote(s) to be cast on the Resolution as follows:

RESOLUTIONS	For	Against	Abstain
I. To re-elect Directors;			
II. To consider the accounts and reports of the Directors and Auditors for the year ended 31st December 2018;			
III. To declare dividends;			
IV. To fix remuneration of the Auditors;			
V. To approve the remuneration of the Directors;			
VI. To increase the number of Directors from seven to nine.			

Signed this _____ day of _____

_____

Signature

Note:

1. A member of the Company entitled to attend and vote at this meeting may appoint a proxy of his own choice (whether a member or not) to attend and vote on his behalf.
2. Please mark in the appropriate box how you wish to vote. If no specific direction as to voting is given, the proxy will exercise his discretion as to how he/she votes.
3. Proxy forms duly signed should reach the registered office of the Company at least FORTY-EIGHT hours before the holding of the meeting or else the instrument of proxy should not be treated as valid.

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