VIVO ENERGY GHANA

VIVO ENERGY GHANA
ANNUAL REPORT & ACCOUNTS 2019

ENERGY FOR GHANA

VIVO ENERGY GHANA

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of the Shareholders of Vivo Energy Ghana Limited (the "**Company**") will be held **VIRTUALLY via Microsoft Teams and streamed live by video link** from the Head Office of Vivo Energy Ghana Limited on **Thursday 23rd July, 2020 at 10:00 am** to transact the following business:

AGENDA

Ordinary Resolutions

1. To re-elect Directors;
2. To consider the accounts and reports of the Directors and Auditor for the year ended 31st December 2019;
3. To declare dividends;
4. To fix remuneration of the Auditors;
5. To approve the remuneration of the Directors.

Special Resolutions

1. To amend the Company's Regulations/Constitution to accommodate the holding of Annual General Meetings by electronic or virtual means where the Directors deem it necessary to do so.
2. To authorise Company to effect all changes to comply with the new act.

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 TO 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 2020

BY ORDER OF THE BOARD

NAA SHIOKOR BOI-BI-BOI

SECRETARY

CONTENTS

THE VIVO ENERGY STORY

WHO WE ARE

VIVO ENERGY GHANA WAS ESTABLISHED IN 2013 AS THE EXCLUSIVE DISTRIBUTOR AND MARKETER OF SHELL-BRANDED PRODUCTS AND SERVICES. HOWEVER, THE SHELL BRAND HAS BEEN IN GHANA SINCE 1928.

WE SOURCE, DISTRIBUTE AND MARKET HIGH-QUALITY FUELS AND LUBRICANTS TO RETAIL AND COMMERCIAL CUSTOMERS, IN ADDITION TO PROVIDING A GROWING NON-FUEL RETAIL OFFERING – MAKING OUR CUSTOMERS' EXPERIENCE WITH US MORE CONVENIENT AND REWARDING.

VIVO ENERGY GHANA IS PART OF THE VIVO ENERGY GROUP, WHICH HAS OPERATIONS IN 23 COUNTRIES ACROSS AFRICA. THE COMPANY HAS A VISION OF BECOMING AFRICA'S MOST RESPECTED ENERGY BUSINESS AND THIS MEANS DOING BUSINESS THE RIGHT WAY AND DELIVERING VALUE FOR OUR EMPLOYEES, SHAREHOLDERS, BUSINESS PARTNERS, CUSTOMERS AND COMMUNITIES TO EARN THEIR TRUST AND RESPECT.

TO BECOME AFRICA'S MOST RESPECTED ENERGY BUSINESS IS THE LOGICAL CONSEQUENCE OF DOING THINGS THE RIGHT WAY, REALISING THE FULL POTENTIAL OF OUR PEOPLE AND OUR BUSINESS PARTNERS, AND CREATING A NEW BENCHMARK FOR QUALITY, EXCELLENCE, SAFETY AND RESPONSIBILITY IN AFRICA'S DOWNSTREAM ENERGY MARKETPLACE.

WHEN WE ACHIEVE THIS, AND WE ARE WELL ON THE WAY, WE SHALL HAVE EARNED THE RIGHT TO BE CALLED AFRICA'S MOST RESPECTED ENERGY BUSINESS AND WE WILL KNOW THAT THIS IS THE TRUE MEASURE OF OUR SUCCESS.

VIVO ENERGY GHANA HAS A FUELS STORAGE CAPACITY OF 11,000M³. AT THE END OF 2019, VIVO ENERGY GHANA HAD 235 SERVICE STATIONS, WITH MANY OFFERING SHELL CARDS AND CONVENIENCE RETAIL STORES.

VIVO ENERGY GHANA EMPLOYS 127 PEOPLE. THE COMPANY IS RECOGNISED AS A LEADER IN THE OIL INDUSTRY, CHAMPIONING AND SETTING STANDARDS FOR SAFETY.

"We delivered a good performance in 2019 and our business theme for 2020, Change for Future Growth, could not have been more appropriate with the COVID-19 driving the change in the way businesses operate. We will focus on our strategy to deliver long-term value for our shareholders, employees and community as we create Ghana's most respected energy business."

Franck Konan-Yahaut
Chairman

2019 HIGHLIGHTS

- STRONG OPERATING AND FINANCIAL PERFORMANCE
- SUCCESSFUL ROLL-OUT OF NEW ERP SAP S/4HANA FOR EFFICIENT REPORTING
- AUTOMATION OF RETAIL SERVICE STATIONS TO IMPROVE SERVICE AND EFFICIENCY
- EXCELLENT SAFETY AND ENVIRONMENTAL PERFORMANCE
- INCREASED RETURNS TO SHAREHOLDERS

REVENUE
GH¢ million

2.244

+9%

VOLUME
million litres

609

-1%

NET INCOME
GH¢ million

38

+135%

TRCF
per million exposure hours

0.00

0%

INNOVATING FOR THE FUTURE

VIVO ENERGY GHANA CONTINUES TO GIVE CONSUMERS MORE VALUE THROUGH TECHNOLOGY

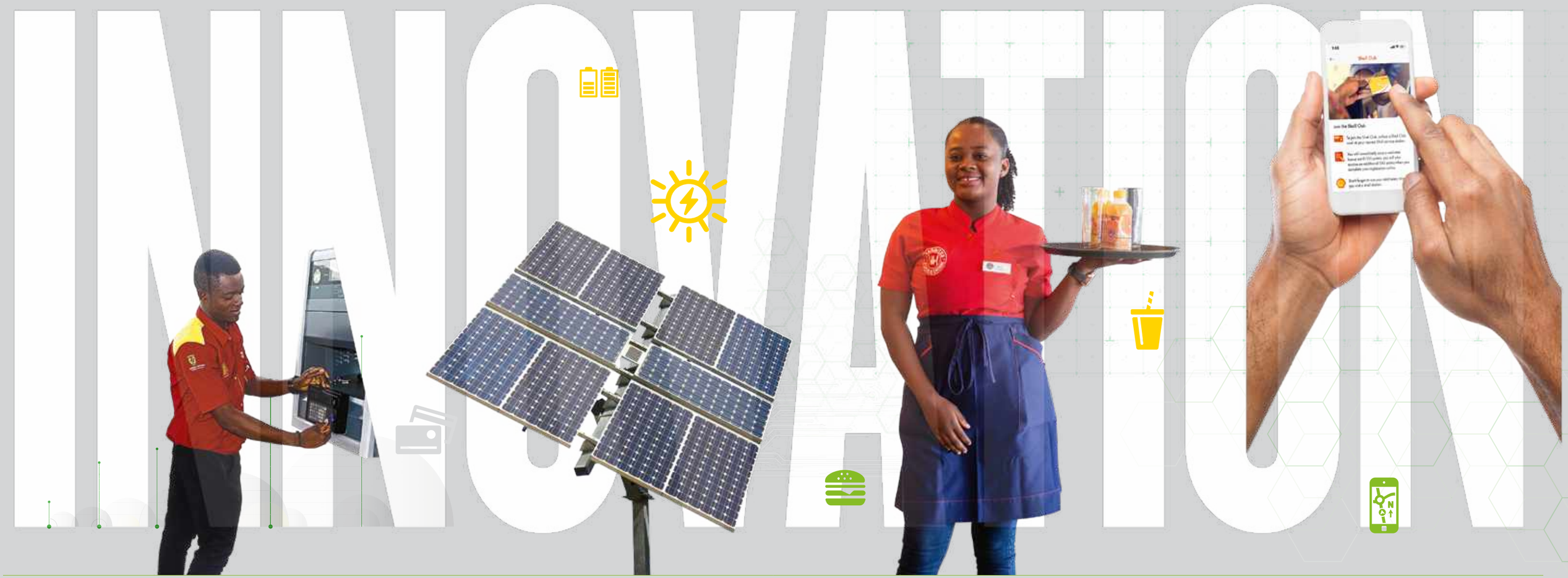
Our consumers and retailers are increasingly connected online and expect us to provide them with digitally enabled solutions that make their lives easier. In 2019, we began the process of automating our service stations and improving online engagement with Retail customers. Thirty-five service stations were automated in 2019, helping us to provide improved service and efficiency. Not only does automation benefit the customer, it also helps retailers to monitor stock levels at sites automatically to ensure fast replenishment as well as a faster way to close shifts.

Also, in order to create a consistent experience with our offline and online customer brand, we have started to launch websites, social media platforms, and the Shell Africa app in Ghana. These are enabling us to engage and build relationships with our customers to help grow our brand preference and provide a platform for our new loyalty programme. By the end of the year, the loyalty programme was live, and deployed in 103 service stations with 83,321 subscribers.

> "Innovation is at the heart of everything we do. We know our customers are looking for new solutions to better their lives and this is what drives us every day to exceed their expectations."
>
> **Ben Hassan Ouattara**
> Managing Director, Vivo Energy Ghana

35
service stations automated

103
loayalty enabled service stations



WHO WE ARE

A COMPANY ON THE MOVE

WE ARE A MAJOR PLAYER IN THE SUPPLY OF HIGH QUALITY FUELS AND LUBRCANTS TO RETAIL AND COMMERCIAL CUSTOMERS, WITH A GROWING NON-FUEL RETAIL OFFERING IN GHANA.

WE MAKE OUR CUSTOMERS' LIVES EASIER AND THEIR EXPERIENCE WITH US MORE CONVENIENT, ENJOYABLE AND REWARDING.

HOW? BY PROVIDING QUALITY PRODUCTS AND SERVICES THAT MEET THEIR NEEDS, SUPPORTED BY HIGH STANDARDS OF SAFETY, INNOVATION AND SERVICE – IN EVERY AREA WHERE WE OPERATE.

ADJUSTED EBITDA BY SEGMENT

GH¢ million

RETAIL

73

COMMERCIAL

-1

LUBRICANTS

26

RETAIL

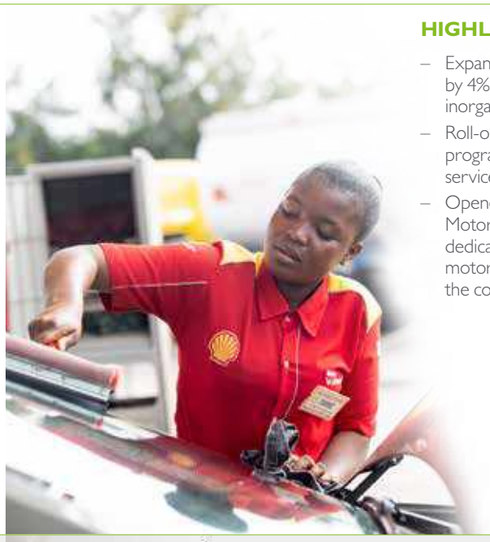
Retail is the engine that propels our growth. At the end of 2019, our network comprised 235 service stations across the country with the highest Average Throughput (ATP).

RETAIL FUELS

Sale of Shell FuelSave Petrol and Diesel plus Shell V-Power at Shell-branded service stations across the country

NON-FUEL RETAIL

Multi-branded convenience retail shops, quick service and fast casual restaurants, and other services including lubricant bays, car washes and ATMs.



HIGHLIGHTS

- Expansion of retail network by 4% through organic and inorganic growth.
- Roll-out of Shell Club loyalty programme across 103 service stations
- Opened the first Advance MotorCare Express exclusively dedicated to servicing of motorbikes, the first of its kind in the country

GROSS CASH PROFIT including Non-fuel retail

GH¢ million

2019	182.0
2018	136.3
2017	114.9
2016	87.8

VOLUME

million litres

456

-2%

UNIT MARGIN

GH¢/'000 litres

361

+35%

COMMERCIAL

Our Commercial business is founded on a proven proposition to our customers. We not only ensure a reliable supply of high-quality fuels to a wide range of customers operating in high-growth sectors – we also support those products with extensive, trusted services.

CORE COMMERCIAL

Supplying mining, construction, transport, power and industrial companies. We also supply LPG, primarily to consumers, as well as fuels to the wholesale market.

AVIATION & MARINE

Supplying aviation fuel, plus bunkering for marine traders and other shipping companies.

HIGHLIGHTS

- Retained lubricant supply contract with Newmont Ghana Gold Limited
- Won one-off contract to supply 8million litres of fuel to Amandi Power
- Excellent aviation performance

GROSS CASH PROFIT

GH¢ million

2019	7.8
2018	20.5
2017	19.4
2016	25.6

VOLUME

million litres

140

-1%

UNIT MARGIN

GH¢/'000 litres

56

-62%

LUBRICANTS

We sell lubricants to retail consumers and commercial customers across various sectors.

RETAIL LUBRICANTS

Providing products to consumers at our service station forecourts and lubricant bays and also at oil shops, repair shops, service centres and resellers through a network of distributors.

COMMERCIAL LUBRICANTS

Supplying specialist lubricants to mining companies and B2B customers.

HIGHLIGHTS

- Enhanced customer experience at lube bays through aggressive upgrades
- Upgraded 25 lube bays at retails service stations

GROSS CASH PROFIT

GH¢ million

2019	36.2
2018	22.6
2017	36.7
2016	22.6

VOLUME

million litres

13.28

+2%

UNIT MARGIN

GH¢/'000 litres

2,742

+57%

MARKET OVERVIEW

MOMENTUM FOR GROWTH

WE CONTINUALLY ADAPT TO FAVOURABLE MACRO TAILWINDS, CHANGING INDUSTRY TRENDS AND EVOLVING CUSTOMER AND COMPETITOR LANDSCAPES. THIS FLEXIBILITY HELPS DRIVE OUR GROWTH.

MACRO TRENDS

1. INCREASING POPULATION

Ghana's population stood at 30.4m and grew by 2.19% in 2019. The urban population is 56.7%, with a median age of 21.5 years and life expectancy of 65 years. It is estimated to grow by 2.15% in 2020 (Source: UN world meter).

Ghana has a young demographic, with approximately 57% of the population under the age of 25 years. Our youthful population means some of them are already driving or will soon be driving and this presents growth opportunities for our fuels, lubes, shops and additional services.

57% <25yrs

Ghana has a young demographic, with approximately 57% of the population under the age of 25

2. GDP IS GROWING

The overall GDP growth (incl. oil) in 2019 stood at 6.5% versus 6.3% in 2018. The services sector recorded the highest growth rate of 7.6%. The main drivers of growth were mining and quarry sub-sector which had a growth rate of 12.6 (incl. oil), followed by industry of 6.4% and agriculture of 4.6%.

The non-oil GDP growth decreased to 5.8% in 2019. This slowdown in growth rate could be attributed to a 10% growth rate in mining and quarry activities (excl. oil and gas) in 2019 compared to 48.6% in 2018.

(Source: Bank of Ghana and Statistical Service)

However, with the impact of COVID-19, GDP growth rate is expected to decline versus a budget projection of 6% (non-oil GDP).

+6.5%

The overall GDP growth (incl. oil) in 2019 stood at 6.5% versus 6.3% in 2018

3. VEHICLE NUMBERS ARE INCREASING

4% Motorbikes

3% Vehicles

Ghana's estimated registered vehicles on the road stand at 1.972m vehicles and motorbikes. The vehicular population is estimated to grow at 3% and motorbikes at 4% respectively for the next five years.

The motorbike population of 549,000 representing 28% is expected to drive the growth due to urbanisation and the increasing demand for quicker and faster means of transport.

4. INFRASTRUCTURE IS IMPROVING

Infrastructure contributed just over 1 percentage point to Ghana's improved per capita growth performance during the 2000s, though unreliable power supplies held growth back by 0.5 percentage points. Raising the country's infrastructure endowment to that of the region's middle-income countries could boost annual growth by more than 2.7 percentage points.

Today, Ghana has a very advanced infrastructure platform when compared with other low-income countries in Africa. But as the country approaches the middle-income threshold, it will need to focus on upgrading its infrastructure indicators in line with this benchmark. Roads, telecommunication, transportation and power sectors continue to grow and this is expected to support the business climate.

WHAT THIS MEANS FOR VIVO ENERGY

- Growing GDP sets the tone for every economy and opens doors for most businesses to flourish including our oil and gas business.
- Increasing population brings urbanisation which will increase demand for more means of transportation. Coupled with an increasing vehicle population, this presents opportunities in demand for fuels, lubricants, shop items and other services at our service stations.
- Improved infrastructure will create a congenial environment for the three major sectors of services, manufacturing and agriculture to thrive which will increase demand for our products and services.
- As the economy expands, and with consumers' increasing need for convenience, requests for additional non-fuel services at service stations continues to increase.

INDUSTRY TRENDS

1. EMBRACING DIGITAL

The rise in digital technology has changed the way people live, work and shop. With digital and social technology, consumers can continuously engage and interact with companies at their convenience. Consumers are demanding more from companies in the areas of transparency, accountability and supporting social causes via social media platforms. Consumers are using technology to get adequate information to make purchasing decisions on their brand choices. There is a trend towards convenient payment options as consumers demand simplicity and convenience due to their stressful lifestyles.

Our response

Many businesses, including Vivo Energy Ghana, are also benefiting from the digital revolution by improving efficiencies using data from these various technological tools for day-to-day management of the business and interaction with customers.

Vivo Energy Ghana has benefited hugely from the introduction of Shell Club, SAP and other digital solutions through timely data gathering and consistent interaction with customers.

The automation of our operations has brought enormous benefit to our retailers and customers alike for stations that have rolled out. Retailers have full visibility over their stocks, sell out, reordering levels and smooth handing over by customer champions. Customer confidence in getting the right quantity has been boosted by the issuance of receipts from the pump, unlike manual receipts they received previously.

To ensure a consistent experience for our offline and online customers, Vivo Energy Ghana in 2019 launched its official Shell social handles (Facebook and Twitter) and website. These initiatives have gone a long way to enhance brand preference by engaging with customers and building stronger relationships. The Shell Africa mobile app was also launched, together with the Shell Club, to provide customers with a platform to track and redeem points from our new loyalty programme. Today, we have over 90,000 loyal customers on the loyalty programme in less than a year and hope to improve in the coming years.

With the government cashlite policy directive, Shell service stations have supported this move with digital payment solutions such as Shell cards, Visa-enabled Ezypass fuel card, bank debit cards and mobile money for customer convenience.

Consumers are using technology to get adequate information to make purchasing decisions on their brand choices

+7

Seven new restaurants (Second Cup, Pizza Hut, Yah and Starbites) added to our network

Investigating hybrid solar solutions for our Commercial customers

2. INCREASING COMPETITION

Vivo Energy Ghana operates in largely fragmented markets with over 116 oil marketing companies and 3,413 retail service stations. The retail market has been growing at an average of 2.7% for the past five years. Competition has been fierce following price deregulation in 2015 and we have witnessed an increase in activities from some of our major competitors as well as some emerging ones in terms of new site openings, site upgrades, celebrity endorsements, addition of new offerings like quick service restaurants and strong marketing support. Most competitors have resorted to a low pricing strategy as a weapon to win customers. Coupled with a high cost of living, customers have become very price sensitive. Competitive pricing has become a major purchasing driver, though quality is still relevant for motorists.

Our response

Our consistent targeted marketing campaigns have ensured that the Shell brand is the most preferred in the market, enjoying high quality fuel perception and the most visited brand among players in the industry.

Vivo Energy has been actively reinforcing our differentiated fuels, Shell V-Power and Shell FuelSave, and lubricants with various volume driving promotions and equity building campaigns. Get More Promo, Fuel Your Car, Fuel Your Body, Distributor Sales Incentive Scheme, Gye Me 5 Lubes Campaign, Chairman Baako, Shell Advance Activations, Mechanics Training, Loyalty Program and Golden Dipstick were among the campaigns.

Our focus areas have been reinforcing value for money with our offers, by emphasising additional value we give customers with our differentiated fuels and lubricants as well as many promotional offers in our Shell shops.

Vivo Energy launched the first comprehensive loyalty programme for all categories of drivers in the industry, Shell Club, to address one of the key lingering needs of consumers in the industry.

We embarked on continuous partnerships with food and other service partners, with new openings in different parts of the country. There were new openings with Starbites in Kumasi and Second Cup in Takoradi and other parts of the capital city, Accra.

WHAT THIS MEANS FOR VIVO ENERGY

These fast-paced changing industry trends mean it is imperative for us to be proactive and flexible to be better positioned to meet changing consumer needs quicker than the competition.

- Increasing quest for new and exciting products (fuels, lubricants) to meet changing consumer needs
- Demand for convenient, customised products/services, payment options and other additional services
- Customers will be looking to engage with us more, especially via digital channels
- Increasing demand for delightful customer experiences at service stations
- Value for money products/services due to increasing high cost of living
- Companies are expected to support the communities where they operate. Various stakeholders will be watching what Vivo Energy Ghana is doing in the areas where we operate

MANAGING DIRECTOR'S STATEMENT

ACCELERATING GROWTH

I recall, in 2019, joining Vivo Energy Ghana as its new Managing Director to help grow the company from a challenging business performance the prior year. I am excited to share with you what was achieved in 2019.

HEALTH SAFETY SECURITY AND ENVIRONMENT (HSSE)

Across the Vivo Energy group, Ghana continues to top the chart in HSSE. In 2019, our focus areas were road safety, contractor safety, process safety and security. As at the end of 2019, Ghana had achieved 4054 Goal Zero days and was the best country within the group in Potential Incident and "Talk not Tick" reporting, having reported, as at end December 2019, 4989 and 1421 respectively. This Goal Zero days achievement indicates that all our High Risk operations, Road Transport, Contractor Works, Site and Depot operations have been completed to required standards to ensure no significant recordable incident occurred. Thus also indicating how safety conscious and compliant our staff and contractors are.

To ensure business continuity, we reviewed our Country Crisis Management Plan and conducted drills and simulations of our Emergency Response Plans at all our operational areas.

All these initiatives helped Vivo Energy Ghana to improve on the progress of our HSSE culture from Proactive to Generative, where we see HSSE as a consistent way of doing business, thereby increasing trust and accountability of staff and stakeholder actions and responsibility.

RETAIL

Our retail business is the engine that propels our growth. Even though total volume sold in 2019 was 2% lower year-on-year, resulting from a trade-off between volumes and margins, we delivered a strong growth with gross cash profit increasing by 34% year-on-year: a reflection of the strong contribution from strategic pricing and margin management enabled by competitive sourcing of products.

Our retail network expanded, with 14 additional new stations, bringing the total to 235 service stations across the country with the highest Average Throughput (ATP).

We also rolled out our first wave of the Retail Site Automation project across 35 stations to ensure efficiency and enhance visibility over our operations.

CONVENIENCE RETAIL

2019 was a good year for the convenience retail business as it grew by 28% over 2018 through the expansion of our footprint and strategic partnerships with local and international brands. These include Hollard Insurance, and Sophara International - franchise owners of Second Cup, Pizza Hut and Counter Burger.

Through partnership with our local food partner, Starbites, we opened an additional outlet at Asokwa Shell service station to provide healthy food options for our customers in Kumasi.

Further to the above, we expanded our partnership with Ecobank, UMB and Stanbic banks through the opening of six new Automated Teller Machines (ATMs) at selected service stations. We again collaborated with E-Transactions, ZeePay and Surfline to strengthen our financial services and telecommunications space.

LUBRICANTS

Our lubricants volumes increased by 2% year-on-year, mainly driven by commercial volume increasing by 13% year-on-year. The retail lubricants business decreased by 2% year-on-year as we saw an increase of sub-standard or recycled cheap lubricants on the Ghanaian market due to low entry barriers. The unit margin was 57% higher year-on-year, driven by both Retail and Commercial lubricant businesses. Gross cash profit rose by 60%, driven by a marginal increase in volumes and higher gross cash unit margins, attributable to lower base oil prices during the year, as well as good pricing strategies.

COMMERCIAL

The supply of bulk fuels and lubricants to the mining sector, aviation, construction, transport, power and industrial companies form the main activities of our Commercial business. Fuel performance was negatively impacted by mining volume due to the local content initiative and this accounted for loss of volume of over 27 million litres. Commercial sales volume decreased by 1% year-on-year to 143.85 million. However, strong performance from construction (bitumen) and power contributed to a total volume of 18 million litres, offsetting the impact from the mining volume loss. Lubricant sales volume increased by 24% year-on-year with a gross cash contribution of 60%.

MARKETING

In the area of marketing and innovation, the company implemented unique initiatives that improved our performance and delivered superior services to meet the dynamic needs of our cherished customers. The launch of the first comprehensive loyalty programme, Shell Club, and the opening of the first Advance MotorCare Express, exclusively dedicated to servicing of motorbikes, the first of its kind in the country, further enhanced our Customer Value Proposition (CVP) in the market. The Shell Club seeks to reward all categories of customers who visit our forecourts, shops and lube bays across the country. As at the end of the year, 83,312 customers had signed on to the Shell Club to enjoy amazing rewards.

SUPPLY AND DISTRIBUTION

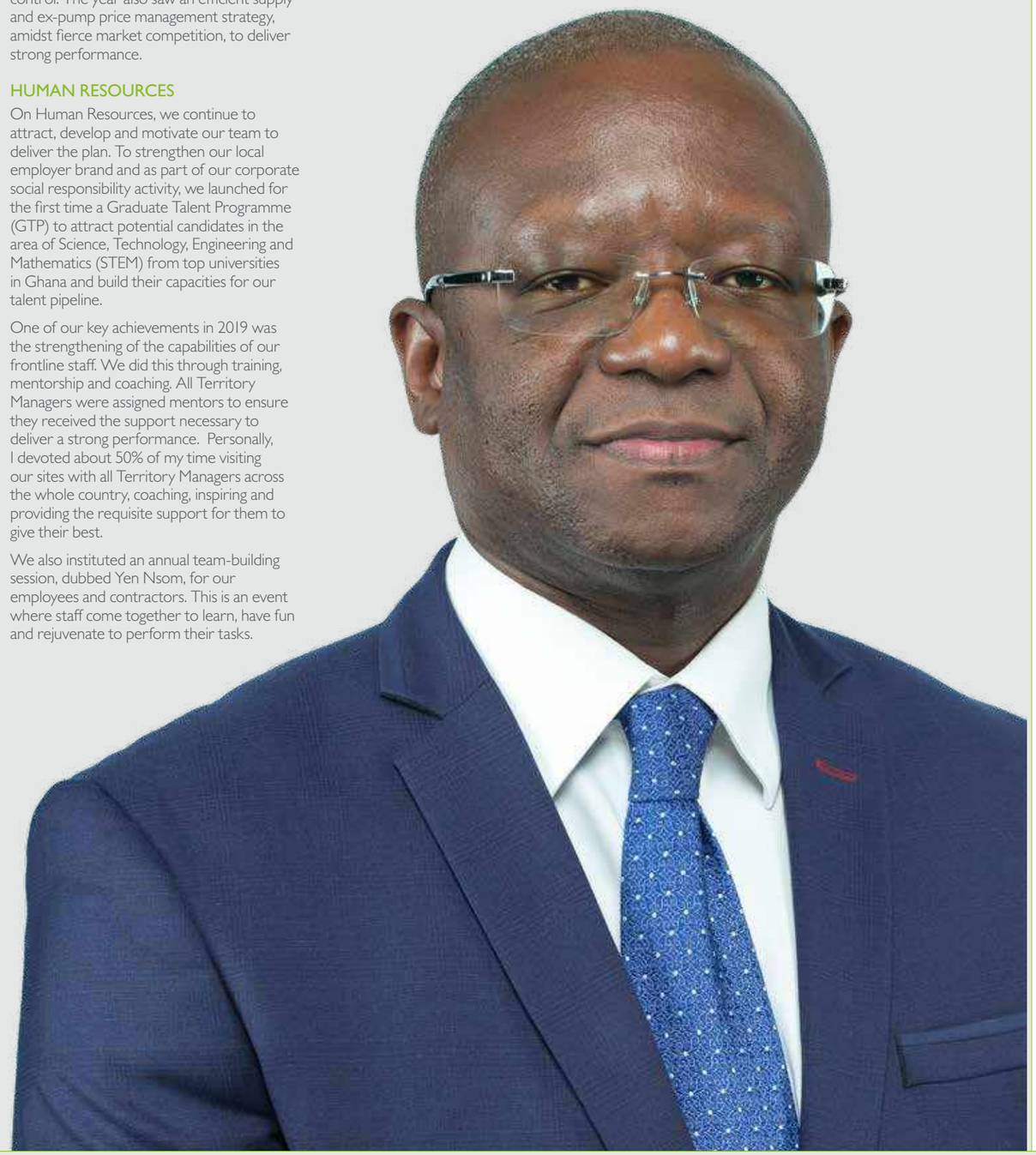
Supply and distribution achieved another year without any recordable incident in both road transport and depot operations. Over 490 million litres of high quality hydrocarbons were supplied to our customers, through our contracted hauliers, covering about 5.4 million kilometres, without any incident or spill. Through prudent management practices, unit cost of operations was kept under firm control. The year also saw an efficient supply and ex-pump price management strategy, amidst fierce market competition, to deliver strong performance.

HUMAN RESOURCES

On Human Resources, we continue to attract, develop and motivate our team to deliver the plan. To strengthen our local employer brand and as part of our corporate social responsibility activity, we launched for the first time a Graduate Talent Programme (GTP) to attract potential candidates in the area of Science, Technology, Engineering and Mathematics (STEM) from top universities in Ghana and build their capacities for our talent pipeline.

One of our key achievements in 2019 was the strengthening of the capabilities of our frontline staff. We did this through training, mentorship and coaching. All Territory Managers were assigned mentors to ensure they received the support necessary to deliver a strong performance. Personally, I devoted about 50% of my time visiting our sites with all Territory Managers across the whole country, coaching, inspiring and providing the requisite support for them to give their best.

We also instituted an annual team-building session, dubbed Yen Nsom, for our employees and contractors. This is an event where staff come together to learn, have fun and rejuvenate to perform their tasks.



> As at the end of 2019, Ghana had achieved 4054 Goal Zero days and was the best country within the group in Potential Incident and Talk not Tick reporting,"
>
> **Ben Hassan Ouattara**
> Managing Director

SOCIAL PERFORMANCE

With our vision of becoming Ghana's most respected energy business, we strive to go beyond simply running a business to serving our communities – not just through providing high quality Shell products and services, but also through the critical areas of road safety, education and the environment. In 2019, we implemented various initiatives across these three areas. One key project we are proud of is the implementation of the award-winning Employee CSR Challenge, which birthed the Energy for Water and Education project.

Under this project, Vivo Energy Ghana, its employees and business partners contributed towards the construction of two hand-pump boreholes for the Hiamankyene community in the Ashanti Mampong Municipality and rehabilitated the Brengo Presbyterian Basic School to support the government efforts in achieving the SDGs 4 and 6, which centre on Quality Education and Clean Water and Sanitation respectively. Educational materials were also donated to the schoolchildren in the community to encourage after-school studies.

This project won the following national awards and international recognition: Best Community Relations Programme – National PR and Communications Excellence Awards by the Institute of Public Relations, Ghana; Excellence in Corporate Social Responsibility (Downstream Petroleum) – Ghana Oil and Gas Awards and Highly Commended Project – Vivo Energy Group CEO Awards.

OUTLOOK

We recognise the impact of COVID-19 on our business performance and are taking concrete steps to meet this challenge.

Key focus will be ensuring we continue the growth trajectory in the consumer segment – providing innovative products and services, and developing closer consumer relationships. We will continue to drive an integrated customer experience at the forecourts, and improve our Route-To-Market lubricant channels backed by data-driven marketing campaigns.

On the Commercial side, we will look to differentiate our value-led offering and provide tailor-made solutions to our customers, leverage our experience in the various industries, and make the Shell brand top-of mind amongst our customers.

Despite the challenging business environment that COVID-19 presents, I am confident that, with a robust business strategy and a committed workforce, we will deliver competitive returns on your investments in the company.

Thank you.

Ben Hassan Ouattara

Managing Director

STRATEGIC OBJECTIVES

LEADERSHIP VISIT 2019

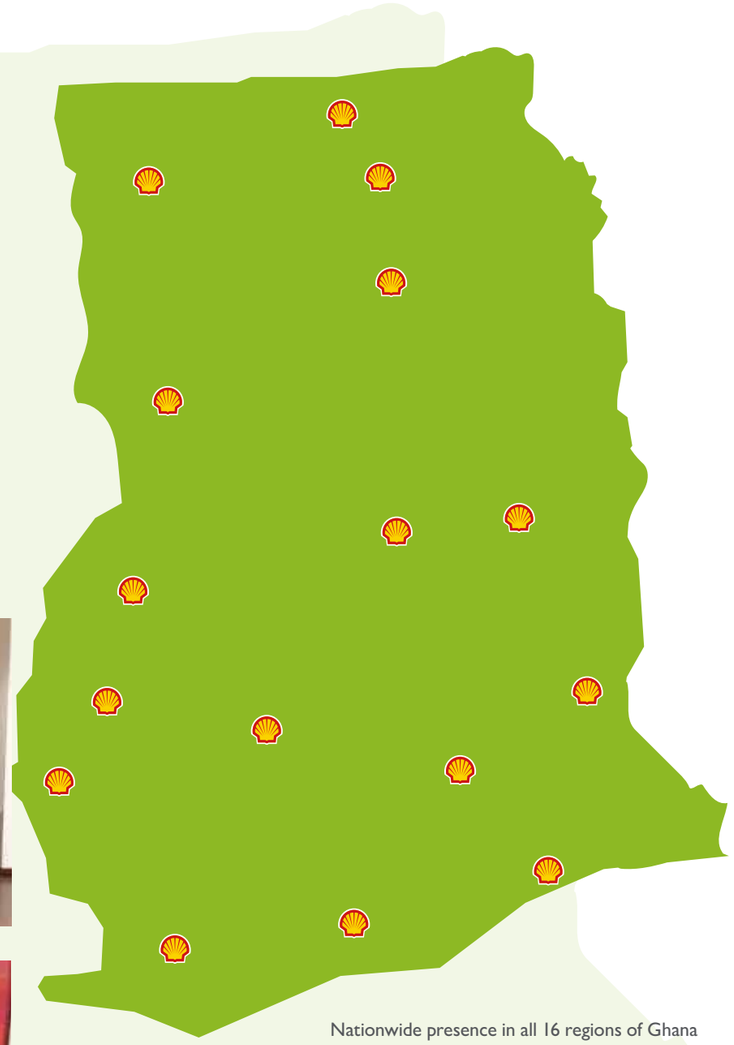
SENIOR LEADERSHIP VISITS TO GHANA

At Vivo Energy, we recognise the importance of engaging, inspiring and rallying employees, customers and other key stakeholders to achieve business value.

The Chairman of Vivo Energy plc, John Daly, Chairman of the Vivo Energy Audit and Risk Committee, Chris Rogers, the Chief Executive Officer of the Vivo Energy Group, Christian Chammas and the Executive Vice President of the West Africa Region, Franck Konan-Yahaut, paid a business visit to Vivo Energy Ghana.

As part of their itinerary, they held business review meetings with the Managing Director and the Country Leadership team, embarked on retail and customer visits and interacted with employees.

The senior leadership team also held an executive dinner with key stakeholders in the downstream petroleum sector and some members of the diplomatic corps and board of directors of the company.



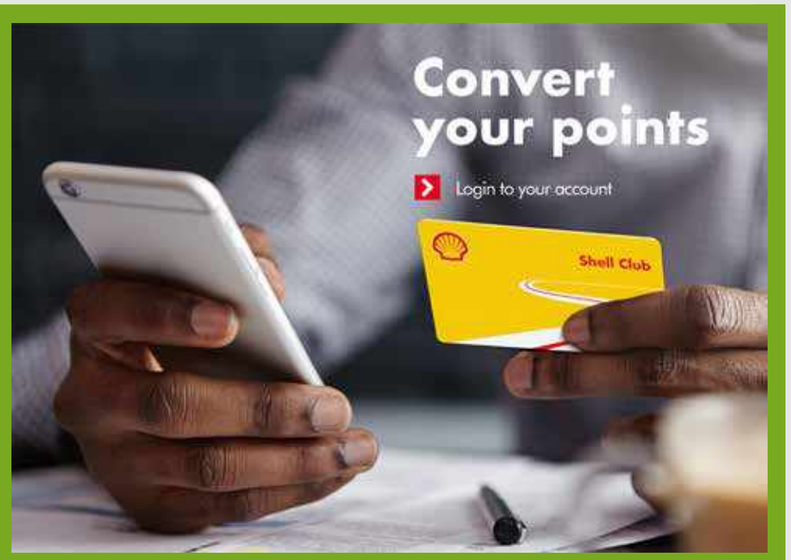
Nationwide presence in all 16 regions of Ghana

OUR STRATEGY

OUR STRATEGY HAS GIVEN US ENERGY TO GROW, AND WILL CONTINUE TO GUIDE OUR BUSINESS IN THE YEARS TO COME.

5 WE HAVE FIVE KEY STRATEGIC OBJECTIVES:

1. To remain a responsible and respected business in the communities in which we operate;
2. To preserve our lean organisational structure and performance-driven culture;
3. To maximise the value of our existing business;
4. To pursue value-accretive growth; and
5. To maintain attractive and sustainable returns through disciplined financial management.



WE CONTINUE TO GIVE CONSUMERS MORE, REWARDING THEM FOR BEING LOYAL

After many years of research, one lingering need of customers that was yet to be answered in Ghana was a full loyalty programme. This was on the lips of customers as they felt occasional promotions were not enough to reward their loyalty to the brands. A focus group study was done with customers in Ghana to ascertain their expectations from a loyalty programme and this gave birth to the Shell Club Loyalty Programme.

The Shell Club Loyalty Programme was officially launched in mid-September 2019 to reinforce Vivo Energy's innovation leadership in the industry. The launch was supported by many activities including stakeholder engagements, a media soiree, billboards, TV, radio, digital communications as well as experiential engagements with commercial passenger drivers. Vivo Energy became the first oil marketing company in Ghana to introduce a comprehensive loyalty programme in the industry which is designed to reward all categories of motorists. The marketing headline message is 'Collect Happiness at Shell' with a tagline that says 'Shell Club, Get more'.

The Shell Club Loyalty Programme was deployed to 103 Shell service stations in Phase One in 2019 and will be rolled out to other stations in 2020.

Customers who purchase fuel, lubricants or shop items at selected Shell service stations earn points, which can be converted into gifts or prizes of their choice.

The loyalty programme came with additional benefits for customers who buy frequently or visit the stations frequently to double or triple their points after purchase. Members who buy a combination of fuel, lubes and shop items the same day double or triple their points.

This makes Shell unique when it comes to offering value to customers as we give back to loyal customers through the programme.

We had 15 partners on board the programme with gifts ranging from airtime, meal/shopping vouchers, electronic appliances, sports gadgets and nutritional products to event tickets and hampers. Another unique feature of the Shell Club in Ghana was the free personal insurance package for taxi/trotro commercial drivers. The insurance offer enables this customer segment to enjoy free personal life insurance cover.

With a plan to recruit 34,000 customers from launch till end of 2019, we recruited 83,321 representing over 145% above plan. Penetration is increasing and customer excitement and momentum is building up. Customers have been happy with the programme especially when they started redeeming their gifts at various partner outlets

The Shell Club card is not a payment card, but a loyalty card that gives more value to customers who buy Shell products at selected Shell service stations.

SEGMENT REVIEW

RETAIL DRIVING THE CUSTOMER OFFERING

RETAIL IS AT THE HEART OF OUR BUSINESS AND LEADING OUR GROWTH. WITH A NETWORK OF 235 SERVICE STATIONS, WE ARE DETERMINED BY THE TRUSTED SHELL BRAND TO DELIVER HIGH QUALITY PRODUCTS TO OUR RETAIL CUSTOMERS AND SET NEW BENCHMARKS FOR INNOVATION, CONVENIENCE, SERVICE AND RELIABILITY.

HIGHLIGHTS

- Increased our network by 4% by adding a net total of 14 new service stations
- Fuel volumes dropped by 2% to 456 million litres
- Gross profit including Non-fuel retail increased 35% to GH¢281.8 million
- Gross cash profit including Non-fuel retail of GH¢182.0 million - up 34%
- Gross cash unit margin (excluding Non-fuel retail) increased by 35% to GH¢361 per thousand litres, mainly due to competitive sourcing of products
- EBITDA increased by 61% to GH¢73.2 million
- Premium fuel volumes up 18% year-on-year

PERFORMANCE

GH¢ million, unless otherwise indicated	2019	2018	+/– %
Volumes (million litres)	**456**	463	**-2%**
Gross profit including Non-fuel retail	**281,793**	208,059	**35%**
Gross cash unit margin (excluding Non-fuel retail)	**361**	268	**35%**
Gross cash profit :			
Retail fuel gross cash profit	**164,808**	123,976	**33%**
Non-fuel retail gross cash profit	**17,165**	12,318	**39%**
EBITDA	**73,242**	45,531	**61%**

RETAIL BUSINESS CONTRIBUTION

2019 REVIEW

Our Retail business delivered strong growth, with gross cash profit increasing by 34% year-on-year to GH¢182.0 million and adjusted EBITDA increasing to GH¢73.2 million, representing 61% against prior year. This reflects the strong contribution from strategic pricing and margin management enabled by competitive sourcing of products.

RETAIL FUEL

In 2019, volumes of 456 million litres sold were 2% lower year-on-year, mainly resulting from a trade-off between volumes and margin based on pump pricing strategy. By the end of 2019, a net total of 14 new stations were added to the network, increasing our total network strength to 235.

We also took the first-mover advantage to roll out a multipurpose loyalty programme, dubbed 'Shell Club', during the year under review. The Shell Club seeks to reward all categories of customers who visit our forecourts, shops and lube bays across 103 stations around the country. By the end of the year, 83,312 customers had signed on to the Shell Club, with the opportunity to win different rewards from us. We also rolled out our first wave of the retail site automation project across 35 stations. Gross cash unit margin was GH¢361 per thousand litres, an increase of 35% above the previous year.

LOOKING FORWARD

In 2020, our focus is to continue with the strong growth; we will continue to expand the network through selective Dealer Owned partnerships and long-term leases of independent sites, as well as grow the business through our existing sites by introducing new retailers into the network and maximising the value from our customer offerings across the country. We will also focus on the consumer experience by building on the expansion of our retail site automation and the loyalty programme, and new product launches, as well as growing our quick service restaurant business through new partnerships with international and local brands across the country.

Focusing on expanding our premium fuel network and launching new premium fuel products

+14

New service stations

CELEBRATING OUR TRANSPORTERS

S.O. Frimpong Transport Limited emerged as the best transporter at the 2018 Vivo Energy Ghana Transporters' Awards.

This is the fifth consecutive year the company has won the highly coveted award, which recognises transporters who play a critical role in the company's operations.

This award ceremony is held annually to honour transporters who undertake high-risk activities, whilst working safely and professionally.

CUSTOMER SATISFACTION, OUR FOCUS!

Customer satisfaction is key to the growth of our business. Every year, the management team and staff of Vivo Energy Ghana visit selected Shell service stations across the country to thank customers for their patronage and loyalty to the brand with a number of giveaways.

It is also a platform to solicit feedback on its product and services for optimum customer satisfaction and continous improvement.

Last year's customer contact day was an exceptional one as employees wore various retail uniforms (forecourt, shop and lube bay) to engage customers at the stations.

The event was on the theme 'Get more' to reinforce Shell's promise of giving more value to motorists. Staff of the company interacted with customers at the forecourt, lube bays and Shell shops and offered services including fuelling their tanks, cleaning windscreens, sharing freebies with them as well as soliciting feedback from customers.

"Customer feedback is crucial at Vivo Energy to improve products and services at Shell's retail network. That's why customers are reminded to continue to give feedback on Shell products and services using 'Voice of Customer', the dedicated customer feedback online platform," Felicia Mensah.

SEGMENT REVIEW

COMMERCIAL ADDING VALUE FOR OUR CUSTOMERS

WE OFFER A COMPREHENSIVE RANGE OF FUELS AND LUBRICANTS TO OUR COMMERCIAL CUSTOMERS. WE MEET THE NEEDS OF OUR BUSINESS PARTNERS, ADDING REAL AND MEASURABLE VALUE, WHETHER IN MINING, AVIATION, CONSTRUCTION, ROAD TRANSPORT, POWER, AND OTHER INDUSTRIES.

HIGHLIGHTS

- Volumes decreased by 1% due to impact of local content policy on the commercial mining business
- The policy affected the entire mining fuel volumes, which contributed significantly to the decline in commercial business volumes
- Gross profit decreased by -31% to GH¢25.9 million
- Gross cash unit margin decreased to 0.06 per litre
- Adjusted EBITDA of GH¢-0.61 million was lower compared to prior year

PERFORMANCE

GH¢ million, unless otherwise indicated	2019	2018	+/– %
Volumes (million litres)	**140.08**	141.50	**-1%**
Gross profit	**25.90**	37.32	**-31%**
Gross cash unit margin per litre	**0.06**	0.14	**-62%**
Gross cash profit	**7.84**	20.46	**61%**
Adjusted EBITDA	**-0.61**	6.08	**-109%**

2019 REVIEW

Our Commercial segment reported a -1% year-on-year volume growth, driven by a decrease in contribution from our mining fuel due to local content of the new mining regulation. The policy affected the entire mining fuel volumes, which contributed significantly to the decline in Commercial business volumes and gross cash contribution.

Gross cash profit decreased by 30.6% to GH¢25.9 million driven mainly by the loss of mining volumes.

COMMERCIAL

The supply of bulk fuels to aviation, construction, transport, power and industrial companies, the mining sector and lubricant sales are the main activities of the Commercial business.

Fuel performance was negatively impacted by mining volume due to local content regulation. This accounted for loss of volume of over 27 million litres. Commercial sales volume decreased by 1% year-on-year. Strong performance from construction (bitumen) and power contributed to a total volume of 18 million litres, offsetting the impact from the mining volume loss. Lubricant sales volume increased by 24% year-on-year with a gross cash contribution of GH¢7.84 million.

LOOKING FORWARD

Our Commercial focus for 2020 is to continue to drive our various segmental businesses forward. With 2020 being an election year, we will leverage bitumen sales to drive growth and margins along the Shell-branded products. We will achieve this by ensuring that our customer focus remains unparalleled, aligning our resources to be able to deliver against our customer needs and driving excellent sales effectiveness. In terms of specific businesses, we will leverage our experience in the various industries and the Shell brand to become a preferred supplier in the Ghana market, through the provision of solutions and services that provide enhanced customer value creation.

GIVING CONSUMERS MORE VALUE THROUGH AUTOMATION OF RETAIL OPERATIONS

Investing in technology to enhance operations is the way to go in the modern business world. Use of new technology to simplify operations and experience for Vivo Energy, retailers and customers was a step in the right direction. In 2019, 35 sites were automated with plans for more sites to be automated in the coming years.

- Introduction of Quantum, a tool to automate our site operations, has brought enormous benefits to our retailers and customers alike for stations that have rolled out.
- Retailers have full visibility over operations at the site: stocks and sales and the enhanced benefit of ease of operations with respect to the closure of shift process, attendant monitoring and management and local account management of customers.
- Customer confidence in getting the right quantity has been boosted by issuance of receipts from the pump unlike manual receipts they received previously. Customers additionally benefit from ease of service through the available point of sale (POS) infrastructure at the forecourt and the shop.
- Automation has enhanced accurate forecasting of demand and supplies to site as all sites' data is available at Vivo Energy Head Office.
- Data mining to influence business decisions in sales, marketing and engineering has been boosted immensely.
- Automation has changed the way we operate, bringing visibility and efficiency in operations, which will enhance customer satisfaction and eventually improve profitability. Retailers, site staff and customers have embraced this new way of working due to the benefits, and this has enhanced their confidence in Vivo Energy operations.

IT'S ALL ABOUT HAPPINESS AND REWARDS WHEN YOU COME TO SHELL

AS PART OF REWARDING CUSTOMERS AND GIVING THEM MORE, SHELL REWARDED CONSUMERS FOR DOING GOOD BUSINESS WITH THE COMPANY IN TWO BIG PROMOTIONS AND ACTIVATIONS.

- The promos, which were under the various business units, gave consumers amazing prizes ranging from motorbikes, mobile phones and Samsung televisions and brand new cars.
- For the Lubricant business, commercial drivers were rewarded for patronising our lube bays.
- These two promos impacted heavily on the performance of the business for the year 2019.

SEGMENT REVIEW

LUBRICANTS A DIFFERENTIATED CUSTOMER PROPOSITION

WE BLEND, DISTRIBUTE AND SELL HIGH-QUALITY LUBRICANTS ACROSS THE COUNTRY. LUBRICANTS ARE SOLD ON THE FORECOURT, THROUGH DISTRIBUTORS, AND WE PROVIDE ESSENTIAL VALUE TO MANY OF OUR COMMERCIAL CUSTOMERS BY OFFERING A WIDE RANGE OF SPECIALIST PRODUCTS. IN ADDITION TO OUR DISTRIBUTION BUSINESS, WE HAVE A 50:50 JOINT VENTURE WITH SHELL TO BLEND LUBRICANTS.

HIGHLIGHTS

- Volume increased by 2% year-on-year, driven by increased Commercial volume contribution
- Volumes in the Retail lubricants (Forecourt and B2C channels) decreased by 2%
- Gross cash unit margin was GH¢2,742 per thousand litres, up 57% year-on-year
- Gross cash profit increased by 60% to GH¢36.2 million
- Adjusted EBITDA was GH¢25.8 million, up 106%

PERFORMANCE

GH¢ million, unless otherwise indicated	2019	2018	+/– %
Volumes (million litres)	**13.2**	13.0	**+2%**
Gross profit	**40.9**	29.0	**+41%**
Gross cash unit margin (per litre)	**2.7**	1.7	**+57%**
Gross cash profit	**36.2**	22.6	**+60%**
Adjusted EBITDA	**25.8**	12.5	**+106%**

2019 REVIEW

Vivo Energy Ghana lubricants volumes increased by 2% year-on-year, mainly driven by Commercial volume increasing by 13% year-on-year. The Retail lubricants business decreased by 2% year-on-year as we saw an increase of sub-standard or recycled cheap lubricants on the Ghanaian market due to low entry barriers. The unit margin of GH¢2.7 per litre was driven by both Retail and Commercial businesses.

Gross cash profit rose by 60% to GH¢36.2 million, driven by a marginal increase in volumes and higher gross cash unit margins attributable to lower base oil prices during the year, as well as good pricing strategies. Adjusted EBITDA grew by 106%.

RETAIL LUBRICANTS

Our Retail lubricants business comprises forecourt sales to retail customers and to consumers through distributors. In 2019, Retail lubricants accounted for 71% of total Vivo Energy Ghana lubricants volumes (2018: 74%) and 50% of total lubricants gross cash profit (2018: 56%).

Retail lubricants volumes decreased by 2% year-on-year. This is mainly due to increased recycled lubricants on the market due to low entry barriers for lubricants, which affected both Retail and B2C channel, as well as lower demand from our main export market – Nigeria.

Unit margins increased 48% year-on-year to GH¢2,039 from GH¢1,381 per thousand litres in 2018, led by good pricing strategy and cost management as well as favourable base oil prices through the year.

Gross cash profit was GH¢18.2 million, up 45% year-on-year, mainly due to higher unit margins.

COMMERCIAL LUBRICANTS

Commercial lubricants are sold across various sectors – manufacturing, commercial road transport, power, construction, agro industries, and mining – in Ghana, contributing 29% of total lubricants volumes (2018: 26%).

Volumes were 3.8 million litres in 2019, up 13% year-on-year. Mining saw the greater increase with a 14% volume increase year-on-year and B2B with a 9% increase year-on-year, in spite of the impact of weaker demand in the power and construction sectors due to government budget constraints.

Unit margins increased 64% to GH¢4,566 from GH¢2,790 per thousand litres. This was mainly due to a deliberate push of more profitable premium products to the mining and construction sectors, and lower base oil prices.

LOOKING FORWARD

We took concrete steps at the beginning of 2019 to come out of a very challenging situation from 2018. These resulted in a growth of the lubricants business, and additional steps were taken to ensure sustained growth in 2020.

A key focus will be ensuring that we continue the growth trajectory in the consumer segment by providing innovative products and services, and developing closer consumer relationships. At the Retail sites, we will drive an integrated customer experience at the forecourts, and continue with lube bay upgrades at various Retail sites. In the B2C/ Indirect Channel/Mass market, we aim to grow exponentially by continuing with structural changes to ensure harmonised Route-To-Market with exclusive and profitable distributors, as well as expanding our footprint in our export territory – Nigeria. These we will back with effective marketing campaigns.

On the Commercial side, we will look to differentiate our value-led offering and provide solutions to our B2B and mining customers.

RESOURCES AND RELATIONSHIPS

ENGAGING WITH OUR STAKEHOLDERS

WE LISTEN TO AND COLLABORATE WITH A WIDE RANGE OF STAKEHOLDERS IN ORDER TO GROW OUR BUSINESS AND DELIVER VALUE.

HOW WE BUILD RELATIONSHIPS WITH PARTNERS

Vivo Energy Ghana works closely with Shell Brands International on marketing and new product launches, maximising the benefit of the relationship for all stakeholders.

Of our retail network, 98% is operated by dealers', who are Ghanaian business people, selected through a rigorous recruitment process, to ensure that our high standards of HSSE, marketing, branding, site and service excellence are maintained. This model is supported by regular engagements, including dealer workshops and regular visits to service stations by Territory Managers to compliment the efforts of our dealers in ensuring that our high standards are being met and that dealers' challenges are addressed in a timely fashion.

We also collaborate closely with a number of other partners, including owners of storage facilities, and with contractors who provide trucks for transportation. We continue to maintain excellent relationships with our local fuel suppliers, balancing security of supply with cost efficiency.

3,381

Voice of Customer feedback from our Retail customers in 2019

HOW WE BUILD RELATIONSHIPS WITH COMMUNITIES

At Vivo Energy Ghana, we aim to be a positive force and make a real and lasting difference in the communities where we operate, not only by creating career opportunities for local people but also by continuing to deliver a wide range of community investment programmes.

To achieve this, we adopt a tripartite approach – the company, the local government and the community – to ensure inclusiveness in decision-making, planning and execution.

This was evident in the implementation of our **Energy for Water and Education** flagship sustainability project at Hiamankyene, a

RELATIONSHIPS WITH COMMUNITIES CONTINUED...

deprived community in the Ashanti Mampong Municipal Assembly of the Ashanti region, which involved a tripartite approach to ensure a broader stakeholder involvement, ownership and support for the project. To realise this, Vivo Energy Ghana provided the necessary funds and logistics, whilst the Mampong Municipal Assembly and the community provided the technical supervision and labour respectively for the project.

The project involved regular consultation and engagement of various stakeholders including the project community and the municipal assembly in the planning and implementation of the project, leading to the realisation of this impactful human-centred initiative.

Under this project, two newly constructed hand-pump boreholes and educational materials were handed over to the people and schoolchildren in the Hiamankyene community.

In addition, the management and staff of the company also donated building materials for the rehabilitation of the Brengo Presbyterian Basic School, where most of the children walk a long distance to school.

HOW WE BUILD RELATIONSHIPS WITH GOVERNMENTS

We maintain good relationships with our stakeholders, including the ministries, departments and agencies, through a structured stakeholder engagement plan.

As part of the plan, the Managing Director of Vivo Energy Ghana paid a courtesy call on the Minister of Business Development, the Greater Accra Regional Minister, the Chief Executive Officer of the National Petroleum Authority, the Chief Executive Officer of the Ghana Chamber of Mines and the Chief Executive Officer of the Accra Metropolitan Assembly.

On the international front, the company also had several engagements with the Dutch Ambassador and British High Commissioner.

Doing business the right way and in accordance with local and international regulations is not considered an option but an integral part of the way we do business.

We create significant direct and indirect employment, which generates major economic benefit for the country and the people, and are a major tax contributor in our own right.

HOW WE BUILD RELATIONSHIPS WITH CUSTOMERS

We work hard to understand and engage with our customers, and continue to innovate and develop our range of products and services to meet their needs. In 2019, we launched Shell websites, social media platforms and a digital app, as well as retail site automation, to better understand and directly engage with our Retail customers. Social media conversations are tracked and responded to when the need arises.

A mystery shopper programme operates at our service stations to ensure that every customer is treated like a guest, identifying 'site essentials' as the critical elements of our customer proposition that we must consistently deliver on. Our Voice of Customer programme also provides an online platform for customers to provide real-time feedback on their experience at our service stations.

Retailers and sales teams are given dashboards to monitor performance over time and against other service stations in the country, so that action plans can be developed where necessary. Other platforms such as the retailer zonal meetings, retailer conference, Customer Champion App and Retail newsletters are key media for constant engagement with our frontline retail teams.

We also have well-structured reward schemes for our hard-working frontline teams through the People Make the Difference Real programme, with the ultimate being the annual Smiling Stars Travel Awards for the best Customer Champion, Quality Marshal, Country Retailer of the Year and Territory Managers.

RESOURCES AND RELATIONSHIPS CONTINUED

ACHIEVING THE SDGs... VIVO ENERGY GHANA DEMONSTRATES COMMITTMENT

SUSTAINABLE DEVELOPMENT GOALS

Water is life and essential to health and food production. In Ghana, while some communities have free flow of potable water, unfortunately the same cannot be said for others. According the WHO/UNICEF Joint Monitoring Platform (JMP) 2017, 5.3% of the population in Ghana rely on water from unprotected dug wells or springs, while 7.0%, rely on surface water. Even though it is worth commending Ghana's efforts in achieving the Millennium Development Goal (MDG) target for water, much more remains to be done as "approximately 19,000 Ghanaians, including 5,100 children under-five die each year from diarrhoea, nearly 90 per cent of which is directly attributed to poor water, sanitation and hygiene". *http://www.ghana.gov.gh/index.php/media-center/features/1447-every-child-deserves-clean-water.*

ENERGY FOR WATER AND EDUCATION PROJECT

In Hiamankyene, a predominantly farming community, access to potable water is a privilege and not a right. Despite possessing hectares of fertile lands, enough to cater for their agricultural needs, the people of Hiamankyene who are settlers from the Upper East Region have for decades lived with no access to potable water. This unserved community shares the same source of unclean water with livestock, a situation that has led to several deaths and sicknesses in the community, according to the Chief and the people of Hiamankyene.

In addition, there is no school and children from the community walk long distances to Brengo Presbyterian Basic school, where some of the structures are dilapidated, exposing the school children to serious harm. School sessions come to an abrupt end any time it rains due to the nature of the roads and the state of the school building, thus interrupting teaching and learning. Again, the children from the community lack basic educational materials to enhance their academic performance.

Implementation of Energy for Water and Education Project

It is against this background that Vivo Energy Ghana has embarked on another people-centred sustainability project through a tripartite community development approach, to enhance the lives of the people of the Hiamankyene community. At the same time this initiative contributes towards the realisation of the Sustainable Development Goals (SDGs) 4 and 6, which centre on Quality Education and Clean Water and Sanitation respectively.

Community Entry/Feasibility Studies and Stakeholder Engagement

To obtain first-hand information and enable the company to design appropriate solutions

to address these needs, Vivo Energy Ghana embarked on a feasibility study in the community. After the visit, a durbar of Chiefs, opinion leaders and representatives from the Mampong Municipal Assembly was held for further engagements. At this meeting, there was a resounding cry for help in the areas of potable water and education, and Vivo Energy agreed to help with the construction of boreholes and school resources for the children.

Resource Mobilisation

Vivo Energy Ghana provided the funds for the construction of the boreholes.

In line with the company's values of honesty, integrity and respect for people, the company's staff voluntarily contributed monies and educational materials towards the project. The Northern Sector Shell retailers also donated 1,000 Vivo Energy branded notebooks and 50 boxes of pens and pencils as part of their contribution towards the project. A contractor was subsequently sourced to construct two boreholes for the community.

Tripartite Approach to Project

Implementation

The Energy for Water and Education Project involved a tripartite approach to ensure a broader stakeholder involvement, ownership and support for the project. In view of this, Vivo Energy Ghana provided the necessary funds and logistics, while the Mampong Municipal Assembly and the community provided the technical supervision and labour respectively for the project.

Capacity Building for Community Water and Sanitation Committee (WATSAN)

A Water and Sanitation (WATSAN) Committee, including women, was formed to oversee the proper maintenance and management of the facilities. To enable them to discharge their role efficiently, the Mampong Municipal Assembly, as part of their contribution towards the project, provided the relevant training for the members.

Addressing Sustainable Development Goal 6

Ensure availability and sustainable management of water and sanitation for all

Following the construction of the boreholes, a day was scheduled for the official commissioning and handing over

6 CLEAN WATER AND SANITATION

of the facilities to the Hiamankyene community. As development partners, the Managing Director of Vivo Energy Ghana, Mr Ben Hassan Ouattara's first point of call in the community was on the Municipal Chief Executive, Mr Thomas Appiah-Kubi and the Member of Parliament for Ashanti Mampong Constituency, Mr Kwaku Ampratwum Sarpong to pay a courtesy call on them. At a durbar of Chiefs, government representatives and Shell retailers, the Managing Director of Vivo Energy Ghana officially commissioned and handed over the two newly constructed hand-pump boreholes to Hiamankyene. The Honourable Ashanti Regional Minister, Mr Simon Osei-Mensah, in a speech read on his behalf, reiterated the government's effort towards the achievement of the Sustainable Development Goals by partnering with corporate institutions to deliver projects that respond to the needs of Ghanaians.

The excitement on the faces of the community

after the first water was pumped out was incredible – a dream come true, especially for the women and children.

Addressing Sustainable Development Goal 4

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Concerned about the educational standards in the community, well-stocked bags with educational materials were given to each child at Hiamankyene. Some of the books donated included Oxford English dictionaries, Ghana

4 QUALITY EDUCATION

Education Service approved literature books, mathematical sets, exercise books, packs of pencils, pens and other educational materials. Children in the lower primary were also given a backpack each with stationery. With this being the only school in the vicinity in a deplorable state that posed serious harm to the school children, Vivo Energy Ghana, at a separate event, donated various building materials including cement bags, sand, roofing sheets, nails and wood for the refurbishment of the dilapidated classroom blocks of the Brengo Presbyterian Basic school. Brengo Presbyterian School was also a beneficiary of Vivo Energy Ghana's sustainability programme. Quantities of notebooks, textbooks, storybooks, packs of pencils, pens, rulers, chalks, maths sets, sharpeners and dusters among other things

were presented to the school to assist teaching and learning.

Stakeholders Commend Vivo Energy Ghana

At the event, the Honourable Ashanti Regional Minister, Mr Simon Osei-Mensah, in a speech read on his behalf, reiterated the government's effort towards the achievement of the Sustainable Development Goals by partnering with corporate institutions to deliver projects that respond to the needs of Ghanaians.

"The Government is committed to realising

the Sustainable Development Goals and one of the ways of achieving this is by collaborating with organisations like Vivo Energy Ghana, to undertake projects that positively impact our communities. I am exceptionally happy about this initiative and I must commend the management, staff and retailers of Vivo Energy Ghana for continuously delivering value for our communities," he said.

The Honourable Member of Parliament for Mampong Constituency, Mr Kwaku Ampratwum Sarpong, expressed his appreciation to the company and admitted that the construction of the boreholes for Hiamankyene have significantly

reduced the cost for developmental projects in his constituency.

The Chief of Hiamankyene, Ayaabah Agurugu, was particularly grateful to Vivo Energy Ghana for the boreholes, which are their source of livelihood, and the donation of educational materials to every child in the community. "The books will greatly improve the academic performance of these disadvantaged children, who struggle to compete with their peers in the cities," he said.

Vivo Energy…Becoming Africa's Most Respected Energy Business

With a vision of becoming Africa's most respected energy business, Vivo Energy Ghana strives to go beyond simply running a business to also serving communities – not just through providing high quality Shell products and services, but also through creating lasting social and economic benefit for the communities where it operates.

The private sector has a role to play in achieving

the Sustainable Development Goals and Vivo Energy Ghana is committed to playing its part as a leading oil marketing company to ensure no one is left behind. The Energy for Water and Education Project demonstrates our commitment to contributing to the social, economic and environmental development of Ghana and highlights the essence of our values of Honesty, Integrity and Respect for people.

RESOURCES AND RELATIONSHIPS CONTINUED

A NEW ERP TO INCREASE EFFICIENCY

Vivo Energy Ghana went live on a new Enterprise Resource Planning (ERP) tool to:

- Allow us to increase our customer focus and customer experience.
- Simplify our business processes and become more efficient throughout our supply chain and financial services.
- Transform us into a smarter, faster and simpler company, enabling us to win more customers and grow.

CELEBRATING SUCCESS

Shell Club Loyalty Programme adjudged the Marketing Campaign of the Year at Ghana Oil and Gas Awards

Excellence in Corporate Social Responsibility Award (Downstream Petroleum) at the 2019 Ghana Oil and Gas Awards

Energy for Water and Education Project adjudged the Best Community Relations Programme at National PR and Communications Excellence Awards by the Institute of Public Relations, Ghana

OUR NEW HEAD OFFICE

RESOURCES AND RELATIONSHIPS CONTINUED

DEVELOPING OUR PEOPLE

AT THE END OF 2019, WE EMPLOYED 127 EMPLOYEES. WE ENSURE THAT WE HAVE THE RIGHT PEOPLE IN PLACE WITH THE RIGHT COMPETENCIES AND THAT THEY ARE FULFILLED AND ALWAYS FOCUSED ON DOING BUSINESS THE RIGHT WAY.

HOW WE BUILD RELATIONSHIPS WITH OUR EMPLOYEES

At Vivo Energy Ghana, people are and will always be our most important asset. In order to create an engaged workforce ready to achieve the plan and add value to shareholders, in 2019, we attracted, developed, motivated and retained top talent for the company.

ATTRACTING TOP TALENT

At Vivo Energy Ghana, we believe that the best talent delivers exceptional business. Our strategy therefore is to attract the best-fit top talent for growth. In order to create a talent pipeline with the right skills to deliver strategic business objectives, we go through a rigorous process of screening candidates through a three-level interview approach and reference checking their backgrounds to ensure they are a good fit with our culture. By doing so, we have the right talent with the right capabilities for business needs.

GRADUATE TALENT PROGRAMME

In 2019, in order to strengthen our local employer brand and corporate social responsibility, as well as attract potential from top universities and build their capacities to feed our talent pipeline, we started the Graduate Talent Programme (GTP). This was an enriched national service programme to search for fresh, innovative and ingenious graduates and support them to fill future vacant job opportunities.

The programme, which involved a rigorous selection process including a written test, group work and structured interview, specifically targeted STEM students with a first-class or second-class upper degree. It was carefully designed to allow graduates to gain insight into Vivo Energy operations and give them the opportunity to experience the corporate world through Vivo Energy's employer value proposition (EVP).

Currently we have 16, very smart and intelligent graduates across our various classes of business and departments, learning as well as adding value to the business. We plan to replicate the programme in 2020.

DEVELOPING OUR PEOPLE

Developing people at Vivo Energy Ghana starts with hiring the right people and providing a good onboarding experience. Through competency assessments, we identify individual learning needs and provide interventions tailored to suit developmental needs.

We use the 70:20:10 methodology – 70% experience from on-the-job challenges, 20% exposure through mentorships and coaching from senior management and 10% from classroom training.

In 2019, one of our key achievements in developing people was to strengthen the capability of our frontline staff. We did this by using incentives to drive continual step change in performance across our sales force and balancing the time spent out versus in the office. We also assigned all our Territory Managers mentors from among the Extended Country Leadership Team (ECLT).

The Managing Director played a key role in developing frontline staff. He spent about 50% of his time visiting sites with all Territory Managers across the whole country, coaching and inspiring them and providing the requisite support for them to give their best.

MOTIVATING AND RETAINING OUR PEOPLE

On retaining our people, we have a robust retention strategy in place to reduce employee turnover and attrition. Our aim has always been to create a workforce that is passionate about their jobs and committed to Vivo Energy Ghana. In this regard, Line Managers, through our 'How to be a Great Line Manager' programme, have been trained to own all people management activities, keep their direct reports spirited and engaged, and coach and inspire them to maximise their potential.

We also started an annual team-building event dubbed 'Yen Nsom' in 2019 where staff got together to unwind, learn, interact, bond and play, returning rejuvenated and fuelled to deliver on the tasks ahead.

Motivating staff is also a key priority for the Managing Director, who has in place a well-structured engagement approach (breakfast meetings with staff, one-on-one personalised messages, departmental meetings, weekly Country Leadership meetings, monthly extended leadership meetings, etc.) throughout the year to engage with and inspire every staff member who works for the company.

Also through on-the-spot mood and sensing surveys and direct feedback, we find out the point of frustration for employees and provide relief in line with policy.

TIME WITH BEN HASSAN...

ENHANCING EMPLOYEE-MANAGEMENT RELATIONSHIP

In Vivo Energy, we believe an engaged workforce delivers the plan. For employees to feel valued and highly engaged, it must start from the top.

One of the initiatives for management to get closer to employees, engage, listen and address their issues, is **Time with Ben Hassan**. This internal communication initiative is also aimed at improving the management-staff relationship and interdepartmental team bonding and serves as a platform for feedback and updates on the business for continuous improvement.

Time with Ben Hassan provides an opportunity for the Managing Director to inspire employees to aspire to top positions in the company.

MD'S DEPARTMENTAL MEETING

The Managing Director's departmental meeting is aimed at aligning staff to their departmental goals and providing coaching and guidance in achieving their core deliverables.

YEN NSOM...

INSPIRING TEAMWORK, ENHANCING PRODUCTIVITY !

Vivo Energy Ghana recognises the role of teamwork in achieving business performance targets. To enhance employee morale and motivate staff to higher productivity, we instituted a team-building session dubbed **Yen Nsom**, meaning togetherness.

The inaugural team-building session took place at the Legon Botanical Gardens in Accra and Takoradi Sports Complex for head office and outstation staff respectively.

Distinct colours of t-shirts representing the Adinkra symbols of Transformation, Leadership, Versatility, Creativity, Knowledge, Cooperation, Energy, Commitment, Courage, Safety, Wisdom, Excellence and Unity were purposely chosen to represent the values and culture of Vivo Energy.

The Managing Director of Vivo Energy Ghana, Mr Ben Hassan Ouattara, took staff through his transformation agenda, outlining the importance of working as a team to achieve outstanding business results and its mission of *being number one in every business where it operates.*

This was followed by a series of exciting team-building activities such as Value Hunt (Treasure Hunt), Life Walk (Canopy Walkway), Price War (Tug of Peace), Game of Thrones (Table Tennis) and Desert Dilemma (High Rope Course). At the outstation there were other activities such as football and a sack race amongst others.

Each team competed against each other to accumulate points to lift the trophy. This was done to expose staff to the competitive nature of the market and the need to aggressively win market share.

It was a fun-filled day as each team tried to fight back to win the gold trophy.

RESOURCES AND RELATIONSHIPS CONTINUED

LOOKING AFTER OUR PEOPLE

SAFETY IS OUR ABSOLUTE PRIORITY. OUR AIM IS TO ACHIEVE GOAL ZERO, WHICH MEANS NO HARM TO OUR PEOPLE, CONTRACTORS, ASSETS AND THE ENVIRONMENT.

WHAT WE'RE DOING TO KEEP OUR PEOPLE SAFE

HSSE is an integral part and a main focus of our annual business plan. We ensure it is part of our day-to-day operations to achieve our Goal Zero target. In 2019, our four HSSE focus areas were on:

- **Road transport safety** – Ensuring our professional hauliers maintained our high standards and procedures in their operations - vehicle standards, competence and training of drivers and other critical staff - using technology to monitor their driving behaviours and monitoring and auditing their performance to ensure continuous improvement.
- **Contractor safety** – Ranges from contractors being green banded, adhering to our safety systems of work and HSSE policies through to our quarterly Contractor Management reviews and professional competence, and training programmes.
- **Process safety** – Ensuring that all operations follow our safe work policies and practices. Ensuring design, maintenance and operations comply with our high international standards, especially in asset integrity.
- **Security** – Includes country security monitoring and incorporating security risk assessment and initiatives into the design and operation of our assets, and all our travels.

To ensure consistency in our approach to the Country HSSE MS, we have maintained the same focus areas for 2020, deepening our commitment to improving the competence of staff and contractors through active training, coaching and work shadowing with peers to ensure compliance with our Goal Zero objective.

0.0

Total recordable case frequency for Ghana

As at the end of 2019, Ghana had achieved 4054 Goal Zero days and was the best Potential Incident and Talk not Tick reporting country in the group, having reported as at end December 2019, 4989 and 1421 respectively.

This Goal Zero days achievement indicates that all our High Risk operations, Road Transport, Contractor Works, Site and Depot operations have all been completed to required standards to ensure no significant recordable incident occurred. Thus also indicating how safety conscious and compliant our staff and contractors are.

To ensure business continuity, we reviewed our Country Crisis Management Plan and conducted drills and simulations of our emergency response plans at all our operational areas.

All these helped the company to improve on the progress of our HSSE culture from Proactive to Generative, where we see HSSE as a consistent way of doing business, thereby increasing trust and accountability of staff and stakeholder actions and responsibility.

TOTAL RECORDABLE CASE FREQUENCY (TRCF)

Year	Target	Actual
2019	0.07	0.00
2018	0.07	0.00
2017	0.07	0.00
2016	0.07	0.00
2015	0.07	0.00

EMPLOYEE AND CONTRACTOR FATALITIES

Year	Target	Actual
2019	0.00	0.00
2018	0.00	0.00
2017	0.00	0.00
2016	0.00	0.00
2015	0.00	0.00

MANAGING OUR ENVIRONMENTAL IMPACT

WE RECOGNISE THAT WE HAVE A RESPONSIBILITY TOWARDS THE ENVIRONMENT, BEYOND LEGAL AND REGULATORY REQUIREMENTS. WE'RE COMMITTED TO REDUCING OUR ENVIRONMENTAL IMPACT AND CONTINUALLY IMPROVING OUR ENVIRONMENTAL PERFORMANCE AS AN INTEGRAL PART OF OUR BUSINESS STRATEGY.

ENVIRONMENTAL POLICY AND MANAGEMENT SYSTEM

We are committed to reducing our environmental impact and continually improving our environmental performance with all our stakeholders and third party contractors. In 2019, we updated our Environmental Policy to focus on minimising our impact on the environment in recognition of international standards.

This includes limiting the quantities of waste, assessing the environmental consequences of our operations on the local environment and operating in a safe manner. All employees have a responsibility to ensure that the aims and objectives of the Policy are met.

IMPROVING THE EFFICENCY OF OUR SITES

Vivo Energy Ghana, in our effort to reduce energy in our operations, has installed solar panels at two retail sites and it is our policy to ensure all equipment used is energy efficient. All canopy bulbs have been changed to LED. Finally, we have planned for newly built service stations and rebuilt sites across our network to include solar panels.

ISO 9001:2015

Vivo Energy Ghana is in the last stages of the ISO 9001:2015 certification, to ensure all our internal standards are internationally recognised.

GREENHOUSE GASES

Our energy efficient policy adopted is in line with the group GHG emissions reduction strategy. We are ensuring efficient road transporter product scheduling and other activities to minimise our carbon footprint in the country.

We adhere to the Vivo Energy Group Environmental Reporting Guidelines and the UK Government Greenhouse Gas Conversion Factors. These are the methodologies used to calculate our GHG emissions.

For year ending 31/12/2019, Vivo Energy Ghana GHG emissions (Kt of CO_2 equivalent) are as below:

Requirement	Total
Emissions from Combustion of Fuel (scope 1)	2.85
Emissions from Electricity/Heat/ Steam & Cooling (scope 2)	0.19
Total Scope 1 & 2	3.04
Average Emission Intensity Ratio ($KTCO_2$ e/10km^3)	0.06

For 2020, we are aiming at further reducing our carbon footprint in our operations.

GOVERNANCE

THE FOLLOWING PAGES DESCRIBE OUR GOVERNANCE STRUCTURE AND THE OPERATION OF THE BOARD.

CONTENTS

MAINTAINING HIGH STANDARDS

Dear Shareholders,

On behalf of the Board and Management, I welcome you to the seventh Annual General Meeting of Vivo Energy Ghana Limited and to the presentation of the Annual Report and Financial Statements of the company for the year ended 31 December 2019.

It has been a year of good progress and I want to thank you all for keeping faith and entrusting your investment to the company.

On the macro-economic front, Gross Domestic Product (GDP) grew by 6.5% compared to 6.3% in 2018, with main growth areas being Service 7.6%, Industry 6.4% and Agriculture 4.6%. Non-oil GDP growth rate was 5.8% versus 6.5% in 2018.

2019 was a good year for the oil marketing industry compared to prior year, with better margins on the sale of products. Crude oil prices were stable, on average even though the currency depreciated by 12%.

Vivo Energy Ghana operates in a saturated market and a highly competitive industry with over 100 oil marketing companies. To win or maintain market share requires players to be strategic and innovative in meeting the dynamic needs of its cherished customers. At Vivo Energy, we have an effective tool to ensure that the company becomes profitable and financially robust with a focus on sustainable growth, and that it becomes increasingly attractive to shareholders, customers and employees.

For over 90 years, the Shell brand in Ghana has led in innovation and technology and maintained high industry standards. At Vivo Energy Ghana, we continue to expand our business to reach more customers and industries with our quality products and superior services. The rise in digital technology has changed the way people live, work and shop. Consumers are demanding more from companies in the areas of convenience, transparency, accountability and supporting social causes via social media platforms. As a company, we responded to these changing trends with the roll-out of a new Enterprise Resource Planning system, SAP S/4HANA, and automated our retail sites to bring visibility and efficiency in our operations to enhance customer satisfaction and improve profitability. The launch of the first comprehensive loyalty programme in Ghana, Shell Club, has further enhanced our Customer Value Proposition (CVP) in the market.

At Vivo Energy, we recognise the important role of employees in achieving business performance targets. In order to create an engaged workforce ready to deliver the plan and add value to shareholder investment, we attracted, developed, motivated and retained top talent for the company. Based on the company's rigorous performance management processes in place, our hard-working and dedicated employees gave their best to deliver a sterling performance in 2019. Employees will continue to be at the centre of our business.

On Health, Safety, Security and Environment (HSSE), we delivered an impressive HSSE performance within the group. Our performance to date has been very positive, with key metrics showing that we have exceeded our tough goals in our focus areas: Process Safety, Road Transport, Contractor Safety and Security. At the community level, we continue to operate in a socially responsible manner and implement human-centred sustainable development initiatives in communities where we operate.

Looking forward into 2020, the outbreak of COVID-19 will definitely affect the bottom line of many businesses. However, as a business, we will put in place all the necessary measures to help us remain resilient.

We delivered a good performance in 2019 and our business theme for 2020, Change for Future Growth, could not have been more appropriate with COVID-19 driving the change in the way businesses operate.

We will focus on our strategy to deliver long-term value for our shareholders, employees and community as we create Ghana's most respected energy business.

Thank you.

Franck Konan-Yahaut
Board Chairman

> We delivered a good performance in 2019 and our business theme for 2020, Change for Future Growth, could not have been more appropriate with COVID-19 driving the change in the way businesses operate.

EXTENSIVE EXPERIENCE SUPPORTED BY VALUABLE SKILLS

1. FRANCK KONAN-YAHAUT
(BOARD CHAIRMAN)

Skills and Experience

Franck Konan-Yahaut was appointed the Executive Vice President West Africa on 1st February 2019. He became the Managing Director of Vivo Energy Senegal in 2014. Prior to this, he held the position of Managing Director in Shell Côte d'Ivoire and Burkina Faso Cluster.

Franck joined Royal Dutch Shell in 1996 from PwC and, following a number of years as Finance Manager in Guinea and Ghana, he moved to West Africa Gas Pipeline Company in the Shell upstream business as General Manager Finance and Administration.

Franck was transferred from Royal Dutch Shell to Vivo Energy following the sale of the Africa downstream business in 2011.

2. BEN HASSAN OUATTARA
(MANAGING DIRECTOR)

Skills and Experience

Ben Hassan Ouattara is the Managing Director of Vivo Energy Ghana Limited (Shell Licensee).

Prior to his appointment, Ben Hassan was the Managing Director of Vivo Energy Côte d'Ivoire, and the Chief Executive Officer of SIFAL Lubricant Blending Plant, where he provided thought leadership and operational guidance for the efficient management of these businesses.

Ben Hassan has over 25 years of experience in the downstream oil and marine businesses. He was a Naval Commander of Offshore Logistic Support Base and the Captain of Oil Tankers across European and African coasts before joining Shell in 2003 as the Marine Technical Advisor for West Africa.

He was later appointed the Shell Group Lead Auditor and, following the acquisition of Shell's downstream businesses by Vivo Energy, he was appointed Vivo Energy's Head of Marine and Aviation business for Africa.

3. JEAN-MICHEL ARLANDIS
(MEMBER)

Skills and Experience

Jean-Michel has 32 years' experience in the energy and retail sector and has a deep knowledge of Africa and emerging markets.

Prior to joining Vivo Energy Ghana, Jean-Michel was the Finance Manager of Vivo Energy Mauritius. He was a former Head of Internal Audit Department for two global retailers Kering and Decathlon, a Partner at both Deloitte and Ernst and Young for 15 years and also the Head of Corporate at Efferton Group, an international investment company in Africa.

Jean-Michel is also a Certified Fraud Examiner.

4. REINDOLF DOMEY
(MEMBER)

Skills and Experience

Reindolf Domey has extensive experience across different segments of industry: downstream petroleum and FMCG.

Prior to joining Vivo Energy, Reindolf worked at Unilever Ghana and Guinness Ghana Breweries, in varying capacities, but mainly in technical, engineering and project management.

Reindolf is a business leader and has deep knowledge of operation management, with over 7 years a in senior management position.

5. MERCY AMOAH
(MEMBER)

Skills and Experience

Mercy Amoah has over 20 years' experience in human resources, marketing and change management, having worked in institutions such as Ghana National Petroleum Corporation, International Commercial Bank and Guinness Ghana Breweries Limited.

Mercy demonstrates the drive and passion needed to make a positive difference to her deliverables and business performance. She has a remarkable spirit and a determination to excel at whatever she does.

Mercy is thorough in executing assignments and applies high standards in her work. She is authentic; she has the ability to build great relationships with those she works with and to manage any team for success.

6. NAA SHIOKOR BOI-BI-BOI
(COMPANY SECRETARY)

Skills and Experience

Naa Shiokor Boi-Bi-Boi started her legal career with Nsiah Akuetteh & Co. where she rose through the ranks to become a Senior Associate.

She joined Vivo Energy Ghana from Coca-Cola Beverages Africa (Voltic Ghana Limited) where she held the Legal & Compliance Manager role.

She has experience in the FMCG industry, banking, corporate and commercial Law.

7. SAMUEL SARPONG
(MEMBER)

Skills and Experience

Samuel Sarpong is currently the Managing Director of National Investment Bank.

Prior to his appointment in May 2019 he was working as a Consultant with a private consultancy firm.

He worked with GCB Bank Ltd. from 2008 to 2017 and served in various capacities, including Acting Managing Director, Deputy Managing Director, Chief Transformation Officer and Chief Operating Officer.

In 2005, Samuel joined General Electric Corporation's Consumer Lending Business (GE Money) in Canada. As a Senior Manager at General Electric, he served as Risk Leader for three business units – Credit Cards, Risk Infrastructure and Fraud and Mortgages.

Prior to that, he worked with various organisations in Canada. He served as Policy Advisor at the Ontario Ministry of Agriculture and Food, as well as the Ontario Ministry of Economic Development and Trade from 1990 to 1995. In 1996, he joined the Canadian Imperial Bank of Commerce (CIBC) holding senior positions in Credit Risk Management, and as Director of Lending Products.

Samuel has served on a number of boards, including GCB Bank Ltd. Accra, Ghana and Ghana International Bank PLC, London, UK.

8. SAMUEL AMANKWAH
(MEMBER)

Skills and Experience

Samuel Amankwah, Deputy Managing Director - Operations, GCB Bank Ltd, is a Chartered Accountant with over 20 years' experience in practice as an Accountant and Auditor.

He is a Fellow of the Association of Chartered Certified Accountants (ACCA) UK and a Member of the Institute of Chartered Accountants, Ghana. He has an MSc in Accounting & Finance from De Montfort University, Leicester (UK).

He served the GCB Bank in various capacities as the Chief Internal Auditor, Deputy Managing Director (Finance), General Manager, Treasury Division and Deputy Head, Accounts Division

He had the opportunity to work with Guinness Ghana Limited, UAC Group Audit, JSA Accountancy Services (Watford) and Adomako Basoah & Co. (Norbury).

Samuel has served on the following boards:

- GCB Bank Ltd, Board member (October 2017 to April 2020)
- GCB Bank Ltd, Board member (August 2008 to December, 2011)
- National Insurance Commission, Board member (2009 to 2017)
- Activity Venture Finance Company, Board Chairman (2009 to 2012)
- Kaneshie Presbyterian Church, Director of Finance (2008 to 2016)

9. KWAKU BEDIAKO
(MEMBER)

Skills and Experience

Kwaku Bediako is the Founder and Group Executive Chairman of the CH Group of Companies. With over 25 years' experience in international business, he leads the Group with the objective of ensuring the overall success of its diverse subsidiaries and growing the Group's portfolio.

Driven by his passion for identifying and developing cross-sector opportunities, Kwaku established Chase Petroleum, a market-leading Oil Trading and Bulk Distributor in 1997. Through his entrepreneurial vision, Chase Petroleum gained steady market prominence and was first to be issued with a Bulk Distributor's Licence.

Under his leadership, the Group has grown into one of the biggest conglomerates in Ghana with multiple subsidiaries and major investments notably across the Oil and Gas, Real Estate, Logistics, Water & Wastewater and Agribusiness sectors. With his instinctive, forward-thinking and hands-on approach, Kwaku continually seeks to replicate the Group's success across other industries.

As an active and passionate philanthropist, Kwaku actively supports various environmental, educational and other social responsibility projects through various foundations including the CH Foundation. To date, through various foundations and initiatives, he has improved the lives of thousands of people across multiple communities in which the Group operates.

10. PROFESSOR KWAKU APPIAH-ADU (PHD, FGA)
(MEMBER)

Skills and Experience

Professor Kwaku Appiah-Adu (PhD, FGA) is a Professor of Strategy, and Senior Advisor to the Vice President of the Republic of Ghana. Currently, he is an Advisor to the Energy Sector Recovery Programme, and chairs the AfCFTA's Infrastructure-related Technical Working Group.

In 2018 - 19, Kwaku led the processes of birthing Ghana's Integrated Aluminium and Integrated Iron and Steel Development Projects. Previously, Kwaku worked at the Office of the President, Ghana, where he was Head of Policy Coordination, Monitoring and Evaluation, Chairman of the Oil and Gas Technical Committee, Director of Ghana's Central Governance Project, member of the President's Investors' Advisory Council, and Advisory Board member of the UN Initiative on Continental Shelf Delineation.

Prior to that, Kwaku worked as a manager at PwC's policy, strategy and management division, and as an architect/project manager of multimillion-dollar residential, retail, office and industrial projects in the UK.

In academia, he has served as Dean of Central University Business School and lectured at the universities of Cardiff and Portsmouth. An author of several books, Kwaku's recently edited/co-edited titles are: Contemporary Business Imperatives in a Developing Economy (2020); Context: Executing Strategy in a Developing Economy (2018); Key Determinants of National Development (2015); and Governance of the Petroleum Sector in an Emerging Developing Economy (2013). With over 100 publications, he has facilitated workshops and presented papers at numerous international fora. Kwaku is a Fellow of the Ghana Academy of Arts and Sciences, and has been elected to the ANBAR Hall of Excellence for Outstanding Contribution to the Literature and Body of Knowledge. He is Board Chairman, Glico Pensions Trustee Ltd; Steering Committee Chairman, Ghana Oracle Digital Enterprise Programme; Director, Vivo Energy Ghana Ltd; and Director, Switchback Developers Ltd.

Kwaku has received several honours, including the President's Crystal Awards for exceptional contribution to business environment reforms and national development.

DIVISION OF RESPONSIBILITIES

THE ROLE OF THE BOARD

A vibrant Board is key to ensuring the Annual Operating Plan for the business is met for the benefit of its members as a whole and to ensure that the business has the necessary resources to deliver its strategies.

The Board, through its oversight of the development of the Company's strategy, provides support and maintains a key focus on the sustainable growth of the Company.

As a business which prides itself on mature corporate governance we ensure the Board takes decisions at Board meetings, and acts in a way that is most likely to promote the success of the Company, whilst having due regard and taking into account the likely short and long-term consequences of any decision on the Company and its business, stakeholders, including employees, and the impact on the community and environment in which the Company conducts its business.

The Board is committed to building positive relationships with all stakeholders and recognises this is vital to building a sustainable business.

Multiple stakeholders are impacted by our business, including shareholders, employees, customers, partners and the communities and government.

CORPORATE INFORMATION

Directors

Franck Konan-Yahaut	- Board Chairman
Ben Hassan Ouattara	- Managing Director
Jean-Michel Arlandis	- Member
Kwaku Bediako	- Member
Reindolf Domey	- Member
Samuel Amankwah	- Member
Samuel Sarpong	- Member
Mercy Amoah	- Member (Appointed on 10 March 2020)
Prof. Appiah Adu	- Member (Appointed on 10 March 2020)

Company Secretary

Naa Shiokor Boi-Bi-Boi
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

Independent Auditor

PricewaterhouseCoopers
Chartered Accountants
PwC Tower
A4 Rangoon Lane
Cantonments City
PMB CT42
Cantonments
Accra

Solicitors

Kudjawu & Co.
JLD & MB Legal Consultancy
AB & David Law
Bentsi-Enchill, Letsa and Ankoma
Sam Okudzeto & Associates
ENS Africa
Kuenyehia & Nutsukpui
Moomin & Botta Solicitors

REPORT OF THE DIRECTORS TO THE MEMBERS OF VIVO ENERGY GHANA

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 2019, 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, 2019 (Act 992).

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	47,296
from which is deducted income tax expense of	(9,232)
giving a profit after income tax expense of	38,064
to which is added surplus brought forward on retained earnings of	235
from which is set aside proposed dividend for 2019 of	(38,064)
leaving a surplus carried forward on retained earnings of	235

REPORT OF THE DIRECTORS (continued)

Dividend

The directors recommend the payment of a dividend of GH¢3.6022 (2018: GH¢1.5356) per share amounting to GH¢38.064 million for the year ended 31 December 2019 (2018: GH¢16.226 million).

Capacity building for directors

There were no training activities organised by the Company for its directors during the year ended 31 December 2019.

Interest of directors

During the year ended 31 December 2019, no significant or material contract was entered into by the Company in which directors of the Company had an interest which significantly or materially affected the business of the Company.

Corporate social responsibility

The Company committed a total amount of GH¢243,870 towards corporate social responsibility activities during the year ended 31 December 2019.

Auditor

The auditor, Messrs PricewaterhouseCoopers, has expressed willingness to continue in office in accordance with Section 139(5) of the Companies Act, 2019 (Act 992). Audit fees for the year ended 31 December 2019 were GH¢484,131.

BY ORDER OF THE BOARD

Name of Director:

BEN HASSAN OUATTARA

Name of Director:

SAMUEL AMANKWAH

Date: 23rd JUNE 2020

LEADERSHIP TEAM

BEN HASSAN OUATTARA
Managing Director

Ben Hassan Ouattara is the Managing Director of Vivo Energy Ghana Limited (Shell Licensee).

Prior to his appointment, Ben Hassan was the Managing Director of Vivo Energy Côte d'Ivoire, and the Chief Executive Officer of SIFAL Lubricant Blending Plant, where he provided thought leadership and operational guidance for the efficient management of these businesses.

Ben Hassan has over 25 years of experience in the downstream oil and marine businesses. He was a Naval Commander of Offshore Logistic Support Base and the Captain of Oil Tankers across European and African coasts before joining Shell in 2003 as the Marine Technical Advisor for West Africa.

He was later appointed the Shell Group Lead Auditor and, following the acquisition of Shell's downstream businesses by Vivo Energy, he was appointed Vivo Energy's Head of Marine and Aviation business for Africa.

JEAN-MICHEL ARLANDIS
Finance Manager

Jean-Michel Arlandis has 32 years' experience in the energy and retail sector and has a deep knowledge of Africa and emerging markets.

Prior to joining Vivo Energy Ghana, Jean-Michel was the Finance Manager of Vivo Energy Mauritius.

He was a former Head of Internal Audit Department for two global retailers Kering and Decathlon, a Partner at both Ernst and Young and Deloitte for 15 years and also the Head of Corporate at Efferton Group, an international investment company in Africa.

Jean-Michel is also a Certified Fraud Examiner and a Director of the Vivo Energy Ghana Board.

REINDOLF DOMEY
Supply and Distribution

Reindolf Domey has extensive experience across different segments of industry: downstream petroleum and FMCG. Prior to joining Vivo Energy Ghana, Reindolf worked at Unilever Ghana and Guinness Ghana Breweries, in varying capacities but mainly in technical, engineering and project management.

Reindolf is a business leader and has deep knowledge of operation management, with over 7 years in a senior management position.

Reindolf is a Director of the Vivo Energy Ghana Board.

MERCY AMOAH
Human Resources Manager

Mercy Amoah has over 20 years' experience in Human Resources, marketing and change management, having worked in institutions such as Ghana National Petroleum Corporation, International Commercial Bank and Guinness Ghana Breweries Limited.

Mercy demonstrates the drive and passion needed to make a positive difference to her deliverables and business performance. She has a remarkable spirit and a determination to excel at whatever she does. Mercy is thorough in executing assignments and applies high standards in her work.

She is authentic; she has the ability to build great relationships with those she works with and to manage any team for success.

Mercy is a Director of the Vivo Energy Ghana Board.

SHIRLEY TONY KUM
Corporate Communications Manager

Shirley Tony Kum is an Accredited Public Relations Practitioner with 15 years of experience in public relations and communications in the media, mining and petroleum sectors. Prior to her current role at Vivo Energy Ghana, Shirley had worked at Newmont Golden Ridge Limited (Akyem Mine), Stratcomm Africa Limited, Ministry of Parliamentary Affairs and the Ghana Broadcasting Corporation.

Shirley has broad experience in public relations, stakeholder management, media management, sustainability, public participation, communication research, crisis communication, digital communication, events management, traditional communication and community relations.

She is the Honorary Secretary of the Institute of Public Relations Ghana and a Board member of the Ghana Netherlands Business and Culture Council.

NAA SHIOKOR BOI-BI-BOI
Legal Manager

Naa Shiokor Boi-Bi-Boi started her legal career with Nsiah Akuetteh & Co. where she rose through the ranks to become a Senior Associate.

She joined Vivo Energy Ghana from Coca-Cola Beverages Africa (Voltic Ghana Limited) where she held the Legal & Compliance Manager role.

She has experience in the FMCG industry, banking, corporate and commercial law.

EMIL JACKSON ADANUVOR
Retail Manager

Emil Adanuvor joined Shell Ghana, now Vivo Energy Ghana Limited, in 2003 as a member of Shell's Graduate Development programme.

Emil started his career with the company from the finance department as Bank Reconciliation, Payables and Stock Accountant before joining the retail team in 2009 as the Territory Manager.

He then moved on to become the Retail Network and Property Manager, Retail Sales Manager and, currently, the Retail Manager. Emil has spent close to 17 years with the company.

KWAME MIREKU ASANTE
Lubricants Sales & Marketing Manager

Kwame Asante has built 15 years' progressive and rounded-up cross-sector technical and sales and business development experience, spanning engineering, logistics & supply chain, and technology.

Before joining Vivo Energy Ghana, Kwame worked as Sales Manager for the End User Professional Sales of Philips Lighting Ghana, overseeing the expansion of the company into the Professional Lighting space in Ghana.

Prior to joining Philips, Kwame worked as Sales Manager for Damco Logistics Ghana Limited, part of the A. P. Moller - Maersk Group. Kwame's career, however, started as an Electrical Engineer with the Electricity Company of Ghana.

BERNARD KWASI BOSOMPEM
Commercial Manager

Bernard Bosompem has over 13 years' experience in commercial sales and management from Mantrac Ghana Limited, Cummins Power Generation and AKSA Generators Ghana Limited where he was responsible for commercial business growth and customer relationship management, selling and supporting the power generation equipment department.

Bernard is a member of the American Society of Mechanical Engineers and Society of Automotive Engineers.

SAMUEL BUAH-KWOFIE
Convenience Retail and ONFR Manager

Samuel Buah-Kwofie has a wide variety of knowledge from different segments of industry.

Prior to joining Vivo Energy Ghana, Samuel has worked at Unilever Ghana and the then Airtel Ghana in varying capacities mainly in the Route to Market strategy formulation and execution in both general trade and retail.

Samuel has a cumulative working experience of more than 15 years, 8 years of which has been in senior management position.

JERRY BOACHIE-DANQUAH
Marketing Manager

Jerry Boachie-Danquah has worked across FMCG and oil and gas sectors with a career spanning over 17 years. He has built experience over the years in brand management, brand communications, new product development, key account management, sales management and sales training.

Before joining Vivo Energy Ghana, Jerry worked as Marketing Manager for Personal Care at PZ Cussons, overseeing brands in the personal care category. Prior to joining PZ Cussons, Jerry worked at Nestle Ghana Limited in the sales department as Regional Sales Manager for Greater Accra Region, responsible for sales and business development in the region.

JOSEPH BOAKYE KANKAM
HSSE Manager

Joseph Kankam has 26 years' work experience in the engineering and downstream energy business in Ghana.

Prior to joining Shell in 2002 and Vivo Energy Ghana, Joseph worked extensively with Komatsu and Caterpillar dealerships in Ghana.

At Shell and then Vivo Energy Ghana, he worked in the retail, engineering and logistics role and is currently the Health, Safety, Security and Environment Manager of Vivo Energy Ghana.

FINANCIAL STATEMENTS

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS

INDEPENDENT AUDITOR'S 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 (the "Company") as at 31 December 2019, 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, 2019 (Act 992).

What we have audited

We have audited the financial statements of Vivo Energy Ghana Limited for the year ended 31 December 2019.

The financial statements comprise:

- the statement of financial position as at 31 December 2019;
- the statement of comprehensive income for the year then ended;
- 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 Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants and the independence requirements of section 143 of the Companies Act, 2019 (Act 992) that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities in accordance with the 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 15.614 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 it involve 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 in respect of these post employment medical benefits 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 also assessed the actuary's competence, independence and objectivity in performing the valuation. We compared the valuation methodology used in the current year with that of the prior year for consistency. We assessed the reasonableness of the average medical cost per life by checking the reasonableness of the average medical expenditure on retired staff during the year to the average medical cost per life. We assessed the reasonableness of the inflation rate assumption by comparing the rate used in the actuarial report to the target long-term inflation rate for the Government of Ghana in 2019. We assessed the reasonableness of the discount rate assumption by comparing the rate used in the actuarial report to external sources. We checked the appropriateness and adequacy of the disclosures in compliance with International Financial Reporting Standards.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VIVO ENERGY GHANA LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the Corporate Information, Chairman's Statement and the Report of the Directors but does not include the financial statements and our auditor's 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, 2019 (Act 992), 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VIVO ENERGY GHANA LIMITED (CONTINUED)

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 auditor's 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, 2019 (Act 992) 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 statement of financial position and Company's statement of comprehensive income are in agreement with the books of account.

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

PricewaterhouseCoopers (ICAG/F/2020/028)
Chartered Accountants
Accra, Ghana
Date: 29th JUNE 2020

STATEMENT OF COMPREHENSIVE INCOME

(All amounts are in thousands of Ghana cedis)

	Notes	2019	2018
Revenue from contracts with customers	5	**2,244,715**	2,063,800
Cost of sales	6	**(2,026,866)**	(1,882,449)
Gross profit		**217,849**	181,351
Selling, general and administrative expenses	7	**(182,170)**	(184,007)
Other income	8	**22,401**	21,570
Operating profit		**58,080**	18,914
Finance costs - net	9	**(10,904)**	(6,469)
Share of profit on investments accounted for using the equity method	12	**120**	100
Profit before income tax		**47,296**	12,545
Income tax (expense)/credit	10	**(9,232)**	3,681
Profit for the year		**38,064**	16,226
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligation	28	**(340)**	502
Income tax relating to these items	10	**85**	(126)
Total other comprehensive income - (loss)		**(255)**	376
Total comprehensive income for the year		**37,809**	**16,602**
Basic earnings per share (in GH¢)	24	**3.6022**	1.5356
Diluted earnings per share (in GH¢)	24	**3.6022**	1.5356

The notes on pages 53 to 72 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

(All amounts are in thousands of Ghana cedis)

	Notes	31 December 2019	31 December 2018
Assets			
Non-current assets			
Property, plant and equipment	11	**227,573**	172,168
Investment in joint venture	12	**608**	488
Deferred income tax assets	10	**5,316**	6,838
		233,497	179,494
Current assets			
Inventories	13	**79,018**	72,651
Trade and other receivables	14	**127,931**	197,938
Amount due from related parties	25	**2,909**	5,336
Current income tax	10	**24,803**	18,869
Cash and cash equivalents	15	**60,087**	15,484
		294,748	310,278
Total assets		**528,245**	489,772
Equity and liabilities			
Equity			
Stated capital	20	**2,311**	2,311
Proposed dividend	22	**36,863**	14,960
Other reserves	23	**66**	321
Retained earnings	21	**235**	235
Total equity		**39,475**	17,827
Liabilities			
Non-current liabilities			
Post-employment medical benefits	28	**15,614**	14,235
Borrowings	19	**-**	2,800
Lease liabilities	17	**8,597**	2,917
		24,211	19,952
Current liabilities			
Trade and other payables	16	**405,798**	338,869
Borrowings	19	**3,432**	4,864
Lease liabilities	17	**6,178**	3,633
Amount due to related parties	25	**48,840**	38,550
Bank overdrafts	15	**311**	66,077
Total current liabilities		**464,559**	451,993
Total liabilities		**488,770**	471,945
Total equity and liabilities		**528,245**	489,772

The notes on pages 53 to 72 are an integral part of these financial statements.

The financial statements on pages 45 to 72 were approved by the Board of Directors on 26th June 2020 and signed on its behalf by:

BEN HASSAN OUATTARA **SAMUEL AMANKWAH**

STATEMENT OF CHANGES IN EQUITY

(All amounts are in thousands of Ghana cedis)

Year ended 31 December 2019	Stated capital	Retained earnings	Stated capital	Dividend	Stated capital
Balance at 1 January 2019	**2,311**	235	**321**	14,960	**17,827**
Total comprehensive income for the year					
Profit for the year					
Other comprehensive income, net of tax	-	38,064	-	-	38,064
	-	-	(255)	-	(255)
Total comprehensive income for the year	-	38,064	(255)	-	37,809
Transactions with owners recognised directly into equity:					
Dividend proposed for 2019	-	(38,064)	-	38,064	-
Dividend paid for 2018	-	-	-	(16,161)	(16,161)
Total transactions with owners	-	(38,064)	-	21,903	(16,161)
Balance at 31 December 2019	2,311	235	66	36,863	39,475
Year ended 31 December 2018					
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

The notes on pages 53 to 72 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(All amounts are in thousands of Ghana cedis)

	Notes	2019	2018
Profit before tax		**47,296**	12,545
Adjustment for:			
Depreciation	11	**22,235**	19,591
Profit on disposal of property, plant and equipment	11	**(167)**	(5,052)
Exchange loss on borrowings	19	**1,336**	-
Share of profit in joint venture	12	**(120)**	(100)
Post-employment benefit	28	**2,273**	2,526
Post-employment benefit paid	28	**(1,234)**	(995)
Increase in provision for inventory	13	**562**	178
Decrease/(increase) in provision for impairment of receivables	14	**(1,695)**	7,664
Increase in inventories (gross)	13	**(6,929)**	(13,524)
Decrease in trade and other receivables	14	**71,702**	40,530
Decrease/(increase) in amount due from related parties		**2,427**	(3,251)
Increase in trade and other payables		**66,929**	79,498
Increase/(decrease) in amount due to related parties		**10,290**	(87,785)
Finance costs		**12,469**	8,919
Finance income		**(1,565)**	(2,450)
Cash flows from operations		**225,809**	58,294
Interest expenses paid		**(11,031)**	(7,773)
Interest received		**1,565**	1,439
Tax paid	10	**(13,559)**	(12,703)
Net cash inflow from operating activities		**202,784**	39,257
Cash flow from investing activities			
Purchase of property, plant and equipment	11	**(68,636)**	(64,478)
Proceeds from disposal of property, plant and equipment	11	**894**	5,052
Net cash outflow from investing activities		**(67,742)**	(59,426)
Cash flow from financing activities			
Dividend paid		**(16,161)**	(20,711)
Principal element of lease payments	17	**(2,519)**	(2,529)
Drawdown on borrowings	19	**-**	9,745
Repayments of borrowings		**(5,993)**	(2,369)
Net cash outflow from financing activities		**(24,673)**	(15,864)
Net increase/(decrease) in cash and cash equivalents		**110,369**	(36,033)
Cash and cash equivalents as at 1 January		**(50,593)**	(14,560)
Cash and cash equivalents as at 31 December		**59,776**	(50,593)

The notes on pages 53 to 72 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Vivo Energy Ghana Limited is a private limited liability company incorporated under the Companies Act, 1963 (Act 179), now repealed and replaced by the Companies Act, 2019 (Act 992), 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

(i) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have also been prepared in the manner required by the Companies Act, 2019 (Act 992).

(ii) Historical cost convention

The financial statements have been prepared under the historical cost convention except for the valuation of post-employment medical benefits.

(iii) New standard amendments and interpretations adopted by the Company

The Company applied the following interpretation for the first time for the reporting period commencing on 1 January 2019.

– **IFRIC 23 – Uncertainty over income tax treatment**

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. While there are no new disclosure requirements, entities were reminded of the general requirements and estimates made in preparing the financial statements.

The adoption of the above standard and interpretation did not have an impact on the amounts recognised in prior and current periods.

(iv) New standards and interpretations not yet adopted by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Company. These standards and amendments are not expected to have a material impact on the Company in the current or future periods.

Definition of Material – Amendments to IAS 1 and IAS 8

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout IFRS and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

(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 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.

Customer loyalty programme

The Company operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discount on future purchases. A contract liability for the award points is recognised at the time of the sale. Revenue is recognised when the points are redeemed or when they expire 12 months after the initial sale. A contract liability is recognised until the points are redeemed or expire.

(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. No depreciation is charged on capital work in progress.

(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
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 comprehensive income 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 comprehensive income.

(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, and other financial assets. Expected credit loss 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 Expected Credit Losses (ECLs').

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Lifetime expected credit loss 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, lease liabilities 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 value 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 statement of financial position 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

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown under current liabilities in the statement of financial position.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 are recognised as a right-of-use (RoU) asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost 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. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- restoration costs.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

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 2019, if the currency had weakened/strengthened by 10% (2018: 6%) against the US dollar with all other variables held constant, post-tax profit for the year and equity would have been GH¢3,194,029 (2018: GH¢56,576) 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 sensitivity analysis technique to measure the estimated impact in the profit or loss.

As at 31 December 2019, 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¢47,170 lower/higher as a result of interest expense on borrowings (2018: GH¢19,160).

Credit risk

Credit risk arises from bank balances 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 receivables and amounts due from related parties are presented as net impairment losses in the statement of comprehensive income.

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

	2019	2018
Trade and other receivables (excluding prepayments)	**126,909**	166,970
Impairment charge	**(13,990)**	(15,685)
Net trade and other receivables	**112,919**	151,285
Bank balances	**60,087**	15,484
Amount due from related parties	**2,909**	5,336
Total credit risk exposure	**175,915**	172,105

			2019	2018
Financial assets	**Not impaired**	**Credit impaired**	**Total**	
Cash and bank balances	60,087	-	60,087	15,484
Trade receivables	95,709	13,990	109,699	166,489
Other receivables (excluding statutory receivables)	16,760	-	16,760	-
Amount due from staff	450	-	450	481
Amount due from related parties	2,909	-	2,909	5,336
Gross carrying amount	175,915	13,990	189,905	187,790
Loss allowance	-	(13,990)	(13,990)	(15,685)
Net carrying amount	175,915	-	175,915	172,105

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 2019	Less than 1 year Carrying value	More than 1 year Carrying value	Less than 1 year Cash flow	More than 1 year Cash flow
Trade and other payables (excluding statutory payments)	**368,854**		**368,854**	**-**
Amount due to related parties	**48,840**		**48,840**	**-**
Lease liabilities	**6,178**	**8,597**	**6,178**	**10,692**
Bank overdrafts	**311**		**311**	**-**
Borrowings	**3,432**		**3,567**	**-**
	428,439	**8,597**	**428,574**	**10,692**
At 31 December 2018				
Trade and other payables (excluding statutory payments)	326,619		326,619	-
Amount due to related parties	38,550		38,550	-
Bank overdrafts	66,077		66,077	-
Lease liabilities	3,633	**2,917**	3,633	4,063
Borrowings	4,864	**2,800**	5,331	2,954
	439,743	**5,717**	440,210	7,017

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 2019		At 31 December 2018	
Financial assets at amortised cost	Carrying amount	Fair value	Carrying amount	Fair value
Trade and other receivables (less prepayments and statutory receivables)	**112,919**	**112,919**	**151,285**	**151,285**
Amount due from related parties	**2,909**	**2,909**	**5,336**	**5,336**
Cash and bank balances	**60,087**	**60,087**	**15,484**	**15,484**
	175,915	**175,915**	172,105	172,105
Financial liabilities at amortised costs				
Trade and other payables (excluding statutory payments)	**368,854**	**368,954**	326,619	326,619
Lease liabilities	**14,775**	**14,775**	6,550	6,550
Bank overdrafts	**311**	**311**	66,077	66,077
Amounts due to related parties	**48,840**	**48,840**	38,550	38,550
Borrowings	**3,432**	**3,432**	7,664	7,664
	436,212	**436,212**	**445,460**	**445,460**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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:

	2019	2018
Borrowings	**(3,432)**	(7,664)
Cash and bank balances	**60,087**	15,484
Bank overdrafts	**(311)**	(66,077)
Cash and cash equivalents	**59,776**	(50,593)
Net debt	**56,344**	(58,257)
Total equity	**39,475**	17,827
Total capital	**95,819**	(40,430)
Gearing ratio	**-**	144%

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2019	2018
Gross revenue less discounts	**3,054,364**	2,822,989
Customs duties and levies	**(809,649)**	(759,189)
Net revenue	**2,244,715**	2,063,800
Analysis of net revenue by category:		
Export sales	**7,244**	6,838
Local sales	**2,237,471**	2,056,962
	2,244,715	2,063,800

6. COST OF SALES

	2019	2018
Direct costs	**1,914,775**	1,795,017
Transport and other freight costs	**112,091**	87,432
	2,026,866	1,882,449

7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2019	2018
Staff costs	**27,436**	34,085
Depreciation (Note 11)	**22,235**	19,591
Auditor's remuneration	**484**	369
Directors' emoluments	**3,947**	5,919
Donations	**5**	832
Promotional expenses	**7,579**	5,753
Service fees	**72,498**	64,774
Bad debts written off	**906**	-
Impairment loss	**1,548**	7,664
Insurance expenses	**1,312**	1,099
Rent expenses	**6,801**	2,497
Office consumables	**3,394**	5,052
Exchange differences (net)	**1,740**	4,054
Repairs and maintenance	**14,521**	8,787
Information and communication	**592**	1,530
Travel expenses	**4,147**	2,633
Other administrative and general expenses	**13,025**	19,368
	182,170	184,007
The staff costs comprise:		
Wages, salaries and performance rewards	**14,367**	10,911
Staff welfare	**3,043**	4,063
Staff allowances	**3,395**	5,995
Social security contributions	**1,467**	1,366
Provident fund contributions	**1,558**	1,060
Post-employment medical benefits	**2,273**	1,229
Redundancy costs (reversal)/provision	**(1,119)**	6,083
Other staff related costs	**2,452**	3,378
	27,436	34,085

The average number of persons employed by the Company during the year was 155 (2018: 149).

8. OTHER INCOME

	2019	2018
Dealership fees	**17,135**	16,076
Reversal of impairment loss	**3,247**	-
Non-fuel revenue	**1,296**	56
Profit on disposal of property, plant and equipment	**167**	-
Proceeds from sale of land	**-**	5,052
Rental income	**231**	258
Sundry income	**325**	128
	22,401	21,570

The reversal of impairment loss relates to recoveries made on customer accounts for which provisions had been made in previous years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

9. FINANCE COSTS AND INCOME

	2019	2018
Interest expense on bank overdrafts	**(10,606)**	(7,485)
Interest expense on loans	**(425)**	(288)
Interest expense on lease	**(1,438)**	(1,146)
	(12,469)	(8,919)
Interest income	**1,565**	2,450
Finance costs – net	**(10,904)**	(6,469)

10. INCOME TAX

Income tax expense/(credit) in the statement of comprehensive income comprise:

	2019	2018
Current income tax expense	**7,625**	3,134
Deferred income tax expense/(credit)	**1,607**	(6,815)
	9,232	(3,681)

Current income tax

Year of assessment	Balance at 1 January	Charge to profit or loss	Payments in the year	Balance at 31 December
Up to 2018	**(18,869)**	**-**	**-**	**(18,869)**
2019	**-**	**7,625**	**(13,559)**	**(5,934)**
	(18,869)	**7,625**	**(13,559)**	**(24,803)**
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)**

Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 25% (2018: 25%). The movement on the deferred income tax (assets)/liabilities account is as follows:

	2019	2018
At 1 January	**(6,838)**	(23)
Charge/(credit) to profit or loss	**1,607**	(6,815)
(Credit)/charge to other comprehensive income	**(85)**	126
Adjustments	**-**	(126)
At 31 December	**(5,316)**	(6,838)

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

Year ended 31 December 2019	At 1 January	Charge/ (credit) to profit or loss	Credit to other comprehensive income	Adjustments	At 31 December
Deferred income tax liabilities/(assets)					
Accelerated tax depreciation	**943**	**3,992**	**-**		**4,935**
Other deductible temporary differences	**(3,860)**	**(302)**	**(85)**	**-**	**(4,247)**
Provision for doubtful debt	**(3,921)**	**423**	**-**	**-**	**(3,498)**
Right-of-use assets	**-**	**(2,506)**	**-**	**-**	**(2,506)**
Net deferred income tax assets	**(6,838)**	**1,607**	**(85)**	**-**	**(5,316)**

Year ended 31 December 2018	At 1 January	Charge/ (credit) to profit or loss	Credit to other comprehensive income	Adjustments	At 31 December
Deferred income tax (assets)/liabilities					
Accelerated tax depreciation	5,731	(4,788)	-		943
Other deductible temporary differences	(3,301)	(559)	126	(126)	(3,860)
Provision for doubtful debt	(2,005)	(1,916)	-	-	(3,921)
IFRS 16 Adjustment	(448)	448	-	-	-
Net deferred income tax assets	(23)	(6,815)	126	(126)	(6,838)

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:

	2019	2018
Profit before income tax	**47,296**	12,545
Tax calculated at the statutory income tax rate of 25% (2018: 25%)	**11,824**	3,136
Adjusted for tax effect of:		
Net expenses/(incomes) not deductible for tax purposes	**(2,596)**	(8,363)
Income subject to tax at different rates	**4**	1,546
Income tax expense/(credit)	**9,232**	(3,681)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2019	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	88,235	9,687	70,979	32,572	36,074	4,255	241,802
Additions	1,193	355	7,904	4,977	43,217	20,721	78,367
Disposals	-	-	(2,769)	-	-	-	(2,769)
Transfers	1,101	-	1,707	61	-	(2,869)	-
At 31 December	90,529	10,042	77,821	37,610	79,291	22,107	317,400

Year ended 31 December 2019	Leasehold land and building	Motor vehicles	Plant and machinery	Furniture, fittings and computer equipment	Right-of-use assets	Capital work-in-progress	Total
Accumulated depreciation							
At 1 January	15,270	5,516	26,573	15,521	6,754	-	69,634
Charge for year	2,937	1,640	8,952	2,778	5,928	-	22,235
Release on disposals	-	-	(2,042)	-	-	-	(2,042)
At 31 December	18,207	7,156	33,483	18,299	12,682	-	89,827
Net book amount At 31 December 2019	**72,322**	**2,886**	**44,338**	**19,311**	**66,609**	**22,107**	**227,573**

Additions for the year ended 31 December 2019 include assets that were purchased on credit amounting to GH¢9,731,004. (2018: Nil).

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 2019	72,965	4,171	44,406	17,051	29,320	4,255	172,168

Profit on disposal of property, plant and equipment

	2019	2018
Cost	**2,769**	332
Accumulated depreciation	**(2,042)**	(332)
Net book amount	**727**	-
Proceeds from disposal	**(894)**	-
Profit on disposal of property, plant and equipment	**(167)**	

During the year ended 31 December 2019, the Company earned no income as disposal proceeds from the sale of land (2018: GH¢5.052 million).

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:

	2019	2018
At 1 January	**488**	388
Share of profit	**120**	100
At 31 December	**608**	488

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

	2019	2018
Cash and cash equivalents	**2**	2
Other current assets	**1,506**	1,259
Total current assets	**1,508**	1,261
Trade payables	**(478)**	(766)
Other current liabilities	**(327)**	(77)
Total current liabilities	**(805)**	(843)
Total non-current liabilities	**(522)**	(596)
Non-current assets	**1,025**	208
Net assets	**1,206**	30

Summarised statement of comprehensive income

Revenue	**3,862**	3,302
Cost of sales	**(1,498)**	(1,180)
Gross profit	**2,364**	2,122
General, selling and administrative expenses	**(2,076)**	(1,865)
Operating profit	**288**	257
Other income	**32**	9
Profit before tax	**320**	266
Income tax expense	**(80)**	(66)
Net profit for the year	**240**	200

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

	2019	2018
Opening net assets	**977**	777
Profit for the year	**240**	200
Closing net assets	**1,217**	977
Interest in joint venture at 50%	**608**	488
Carrying amount	**608**	488

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

13. INVENTORIES

	2019	2018
Product stocks	79,758	72,829
Less: Provision	(740)	(178)
	79,018	**72,651**

14. TRADE AND OTHER RECEIVABLES

Financial assets at amortised cost

	2019	2018
Trade receivables (gross)	109,699	166,489
Less: loss allowance	(13,990)	(15,685)
Trade receivables (net)	95,709	150,804
Amount due from staff	450	481
Other receivables	16,760	-
	112,919	151,285

Non-financial asset

Prepayments	15,012	46,653
	127,931	197,938

The maximum amount of staff loans during the year did not exceed GH¢450,000 (2018: GH¢481,000).

The movements on provision for impairment of trade receivables are as follows:

	2019	2018
At 1 January	15,685	8,021
(Decrease)/increase during the year	(1,695)	7,664
At 31 December	13,990	15,685

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:

	2019	2018
Cash and bank balances	60,087	15,484
Bank overdraft (Note 18)	(311)	(66,077)
	59,776	(50,593)

16. TRADE AND OTHER PAYABLES

	2019	2018
Trade payables	306,992	247,866
Other payables	86,596	75,685
Accruals	12,210	15,318
	405,798	338,869

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

17. LEASES

(i) Amounts recognised in the statement of financial position

The balances arising from the Company's leasing activities are set out below:

Right-of-use assets	2019	2018
Buildings	23,846	-
Service stations	42,763	29,320
	66,609	29,320

Right-of-use assets of the Company are included in 'Property, plant and equipment' in Note 11. During the year ended 31 December 2019, total additions to right-of-use assets was GH¢43,215,966 (2018: (GH¢26.096 million)

Lease liabilities	2019	2018
Current	6,178	3,633
Non-current	8,597	2,917
	14,775	6,550

(ii) Amounts recognised in the statement of comprehensive income

	2019	2018
Depreciation charge on right-of-use assets		
Buildings	659	-
Service stations	5,269	4,063
	5,928	4,063
Interest expense (included in finance cost)	1,438	1,146

The total cash outflow for leases in 2019 was GH¢2,518,668 (2018: GH¢2,529,000).

The value of expenses relating to short-term leases, low-value assets and variable leases not included in lease liabilities is GH¢1,915,335 (2018: GH¢2,497,759). These leases are low-value service stations and short-term lease of buses.

18. BANK OVERDRAFTS

The Company has an unsecured overdraft facility not exceeding GH¢22 million (2018: GH¢22 million) with Societe Generale Ghana Limited attracting interest at 21% p.a.

The Company has an unsecured overdraft facility not exceeding GH¢41 million with Stanbic Bank Ghana Limited attracting interest at 16.13% p.a. (2018: Nil).

The Company has an unsecured overdraft facility not exceeding GH¢12 million with Standard Chartered Bank attracting interest at 20% p.a. (2018: GH¢12 million).

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. This facility expired on 22 October 2019 (2018: GH¢8 million).

The Company has an overdraft facility not exceeding GH¢13.750 million (2018: US$2.5 million) with Barclays Bank of Ghana Limited. The Company did not utilise this facility during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

19. BORROWINGS

Year ended 31 December 2019	At 1 January 2019	Drawdowns	Interest expense	Repayments	Exchange loss	At 31 December 2019
Term loan	7,664		425	(5,993)	1,336	3,432

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

Depreciation charge on right-of-use assets	2019	2018
Non-current portion	-	2,800
Current portion	3,432	4,864
Total borrowings	3,432	7,664

The Company secured a two-year term loan facility of GH¢9,745 million (US$2.050 million) from Ecobank Ghana Limited. The facility attracts an interest rate of 11% per annum. The period of the facility is from 17 July 2019 to 31 July 2020.

20. STATED CAPITAL

The authorised shares of the company are12,000,000 (2018: 12,000,000) ordinary shares of no par value. The shares have been issued as follows:

	Number of shares		Amount	
	2019	2018	2019	2018
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 retained earnings	1,491,203	1,491,203	24	24
	10,566,800	10,566,800	2,311	2,311

The transfer from retained earnings is in accordance with Section 77(1) of the Companies Act, 2019 (Act 992).

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 (2018: Nil).

21. RETAINED EARNINGS

Retained earnings represent cumulative earnings available for distribution to members of the Company subject to the requirements of the Companies Act, 2019 (Act 992). Movements in the retained earnings are shown in the statement of changes in equity on page 49 of these financial statements

22. DIVIDENDS

At the next annual general meeting, the directors will recommend payment of a dividend of GH¢3.6022 per share amounting to GH¢38.064 million for the year ended 31 December 2019 (2018: GH¢1.5356 per share amounting to GH¢16.226 million). 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.

	2019	2018
At 1 January	321	(55)
Actuarial (gain)/loss	(340)	502
Deferred income tax	85	(126)
At 31 December	66	321

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.

	2019	2018
Profit attributable to equity holders of the Company	38,064	16,226
Weighted average number of ordinary shares ('000)	10,567	10,567
Basic and diluted earnings per share expressed in GH¢ per share	3.6022	15,356

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.

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

	2019	2018
Salaries and other short-term benefits	6,228	9,041
Pension and provident fund contributions	431	568
	6,659	9,609

Transactions with non-executive directors

Fees and allowances paid to non-executive directors during the year amounted to GH¢236,440 (2018: GH¢142,838).

Transactions with related parties

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

Purchase of products from related parties by the Company:

	2019	2018
Shell & Vivo Lubricants Ghana	179,176	147,550
Shell Vivo Lubricants DMCC	764	-
Chase Petroleum Group	51,878	98,148
Chase Logistics	56,935	-
Road Safety Limited	1,004	-
Vivo Energy Cote D'Ivoire		146
Sale of products:		
Helios Towers	3,998	8,051
Vivo Energy Cote D'Ivoire		118,600
Vitol Aviation	32	127,581

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Services rendered by related parties:	2019	2018
Shell Brands International AG	32,588	17,089
Vivo Energy Mali	34	160
Vivo Energy Kenya	-	74
Vivo Energy Senegal	-	21
Vivo Energy Tunisia	81	-
Vivo Energy Cape Verde	-	261
Chase Logistics	57	-
Shell & Vivo Lubricants DMCC	764	428
Road Safety Limited	1,004	-
Vivo Energy Uganda	-	13
Vivo Energy Africa Services	47,983	45,909
Services rendered to related parties:		
Vivo Energy Investments B.V	6,300	1,899
Vivo Energy Senegal	249	-
Vivo Energy Cote D'Ivoire	567	-
Year end balances arising from transactions with related parties:		
Amount due from related parties		
Vivo Energy Investment B.V.	1,738	1,559
Helios Towers	553	68
Vivo Energy Senegal	-	3,695
Vivo Energy Cote D'Ivoire	567	-
Vitol Aviation	51	14
	2,909	5,336
Amount due to related parties		
Shell and Vivo Lubricants DMCC	84	-
Shell and Vivo Lubricants Ghana	17,159	17,128
Shell Brands International AG		8,391
Chase Petroleum Group	21,403	15
Road Safety Limited	1,003	-
Vivo Energy Africa Services	9,076	12,893
Vivo Energy Cote d'Ivoire	-	78
Vivo Energy Tunisia	81	-
Vivo Energy Kenya		30
Vivo Energy Mali	34	
Vivo Energy Senegal	-	15
	48,840	38,550

Amounts due to related parties and amount due from related parties set out above are unsecured, non-interest bearing and are to be settled in cash within twelve months from the end of the reporting period. No guarantees have been given or received from related parties.

26. CONTINGENT LIABILITIES

The Ghana Revenue Authority (GRA) conducted a tax audit in respect of transfer pricing for 2012 to 2016 years of assessment. The draft report estimates a preliminary additional tax exposure of GH¢ 67,952,148. Management has submitted a response to the GRA, contesting the claims reported by GRA except the claim on advertising, marketing and promotion of the Shell Brand amounting to GHS773,501. The final amount will be determined and included in the final report of the GRA subject to the provision of further information by local management of Vivo Energy Ghana Limited and discussions with GRA.

The Company was involved in lawsuits during the year. Management's assessment is that the claims against the Company cannot be reasonably estimated or determined and the probability of the outcome of the legal cases are uncertain (2018: Nil).

27. CAPITAL COMMITMENTS

At 31 December 2019, the Company had capital commitments amounting to GH¢1,574,452 (2018: Nil).

28. POST-EMPLOYMENT MEDICAL BENEFITS

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

	2019	2018
At 1 January	14,235	13,206
Included in profit or loss:		
Current service costs	147	214
Curtailment	74	82
Interest expense	2,052	2,230
	2,273	2,526
Included in other comprehensive income:		
Gains/(losses) due to experience on defined benefit obligations	340	(502)
	340	(502)
Other		
Benefits paid	(1,234)	(995)
At 31 December	15,614	14,235

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

	2019	2018
Discount rate	15.0%	15.0%
Inflation rate	10.0%	10.0%
Medical inflation rate	10.0%	10.0%
Average medical cost per life (GH¢)	5,500	5,500

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 are 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

The table below shows the sensitivity analysis:

	At 31 December 2019	Discount rate + 0.5%	Discount rate -0.5%
Post-employment medical benefits	15,614	14,888	16,406
	At 31 December 2018	Discount rate + 0.5%	Discount rate -0.5%
Post-employment medical benefits	14,235	13,568	14,963

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 2019	Medical cost rate + 0.5%	Medical cost rate -0.5%
Post-employment medical benefits	15,614	16,440	14,853
	At 31 December 2018	Medical cost rate + 0.5%	Medical cost rate -0.5%
Post-employment medical benefits	14,235	14,994	13,536

Life expectancy

The plan 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 liabilities.

Life expectancy

Expected maturity analysis of undiscounted post-employment medical benefits:

At 31 December 2019	Less than a year	Over 1 year	Total
Post-employment medical benefits	159	16,800	16,959
At 31 December 2018			
Post-employment medical benefits	147	14,235	14,382

The expected benefit payments to the post-employment medical plan for the year ended 31 December 2019 are GH¢1,223,000 (2019: GH¢1,109,000).

The weighted average duration of the defined benefit obligation is 11 years (2018: 11 years).

29. EVENTS AFTER THE END OF THE REPORTING PERIOD

The World Health Organization characterised the spread of COVID-19 as a pandemic on 11 March 2020. The directors envisage that the increasing spread of COVID-19 may have an impact on the Company. The directors are, however, not able to produce a reliable estimate of this impact at this point.

The directors are not aware of any other material events after the end of the reporting period, which could have had a material effect on the state of affairs of the Company as at 31 December 2019 and on the results for the year then ended which have not been adequately provided for and/or disclosed.

PROXY FORM

VIVO ENERGY GHANA

Statements for the year ended 31 December 2019

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 23rd day of July 2020 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 2019;			
III. To declare dividends;			
IV. To fix remuneration of the Auditors;			
V. To approve the remuneration of the Directors;			
VI. To amend the Company's Regulations/Constitution to accommodate the holding of Annual General Meetings by electronic or virtual means where the Directors deem it necessary to do so			
VII. To authorize the Company to effect all changes to comply with the new act.			

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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Sign In | **Register**

Vivo Energy Ghana
P.O. Box 1097
Digital Address GL -045-5051
Rangoon Lane, Cantonments City
Accra – Ghana

Vivo Energy Ghana @VivoEnergyGhana