



**BULK OIL STORAGE AND TRANSPORTATION LIMITED
ANNUAL REPORT AND
FINANCIAL STATEMENTS
31 DECEMBER 2015**

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BULK OIL STORAGE AND TRANSPORTATION LIMITED

CORPORATE INFORMATION

DIRECTORS

Mr. Ekow Hackman	Chairman	Appointed on 3 October 2018
Mr. George Mensah Okley	Managing Director	Appointed on 8 June 2018
Mrs. Comfort Ani Agyei	Member	Appointed on 3 October 2018
Mrs. Joyce Agyeman Attafuah	Member	Appointed on 30 August 2017
Mr. Kamal – Deen Abdulai	Member	Appointed on 30 August 2017
Hon. Djornobuah Alex Tetteh	Member	Appointed on 30 August 2017
Mr. Desmond Nartey	Member	Appointed on 30 August 2017
Mr. John Kweku Akyene Duncan	Member	Appointed on 30 August 2017
Mr. Nana Yaw Owusu Akwanuasa	Member	Appointed on 30 August 2017
Mr. Kakra Essamuah	Chairman	Resigned on 7 January 2017
Mr. Kingsley Kwame Awuah-Darko	Managing Director	Resigned on 7 January 2017
Mrs. Comfort Ahwoi	Member	Resigned on 7 January 2017
Mr. Steve Ahiawordor	Member	Resigned on 7 January 2017
Dr. Albert Akpalu	Member	Resigned on 7 January 2017
Mr. Kofi Iddie Adams	Member	Resigned on 7 January 2017
Dr. Alfred Attuquaye Botchway	Member	Resigned on 7 January 2017

REGISTERED OFFICE

Plot No. 11 Nortei
Ababio Street
Airport Residential Area
Accra, Ghana

AUDITORS

PricewaterhouseCoopers
Chartered Accountants
No. 12 Airport City
Una Home, 3rd Floor
Accra, Ghana

General Counsel

Harriet Amoah

REPORT OF THE DIRECTORS

The Directors have the pleasure of presenting this annual report together with the audited financial statements of Bulk Oil Storage and Transport Limited ('the Company') to the members of the Company for the year ended 31 December 2015.

Statement of directors' responsibilities

The Companies Act, 1963 (Act 179) requires the directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

In preparing the financial statements, the Directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgment and estimates have been made in the preparation of the financial statements for the year ended 31 December 2015. The directors confirm that the financial statements have been prepared on a going concern basis.

The directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1963 (Act 179). They are also responsible for safeguarding the assets of the Company and hence for taking steps for the prevention and detection of fraud and other irregularities. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The results for the year are as set out in the attached financial statements.

Nature of business

The Company has the mandate:

- To develop a network of storage tanks, pipelines and other bulk transportation infrastructure throughout the country;
- To rent or lease out part of the storage facilities to enable it generate income;
- To keep Strategic Reserve Stocks for Ghana;
- To own, manage and develop a national network of oil pipelines and storage depots;
- To manage the "Zonalization" policy of the National Petroleum Authority (NPA);
- To serve as the Natural Gas Transmission Utility (NGTU); and
- To develop the Natural Gas Infrastructure throughout the country.

Adoption of IFRS for the first time

These financial statements, for the year ended 31 December 2015, are the first financial statements that the Company has prepared in accordance with International Financial Reporting Standards (IFRS). For periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with Ghana Accounting Standards (GAS). Accordingly, the Company has prepared financial statements which comply with IFRS applicable for period 31 December 2015, together with the comparative period as at 31 December 2014, as described in the accounting policies.

In preparing these financial statements, the Company's opening statement of financial position was prepared as at 1 January 2014, the Company's date of transition to IFRS.

REPORT OF THE DIRECTORS

Directors in office

The directors who held office during the year ended 31 December 2015 resigned effective 7 January 2017. The names of these directors are set out below.

Mr. Kakra Essamuah	Chairman
Mr. Kingsley Kwame Awuah-Darko	Managing Director
Mrs. Comfort Ahwoi	Member
Mr. Steve Ahiawordor	Member
Dr. Albert Akpalu	Member
Mr. Kofi Iddie Adams	Member
Dr. Alfred Attuquaye Botchway	Member
Mr. Kakra Essamuah	Chairman

The directors in office at the date of signing the audit opinion are:

Mr. Ekow Hackman	Chairman
Mr. George Mensah Okley	Managing Director
Mrs. Comfort Ani Agyei	Member
Mrs. Joyce Agyeman Attafuah	Member
Mr. Kamal – Deen Abdulai	Member
Hon. Djornobuah Alex Tetteh	Member
Mr. Desmond Nartey	Member
Mr. John Kweku Akyene Duncan	Member
Mr. Nana Yaw Owusu Akwanuasa	Member

Financial results

The financial results for the year ended 31 December 2015 are set out on page 7.

Dividend

The directors do not recommend the payment of dividend for the year ended 31 December 2015.

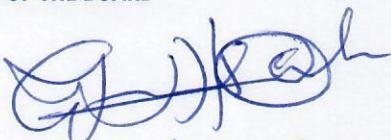
Going Concern

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

BY ORDER OF THE BOARD

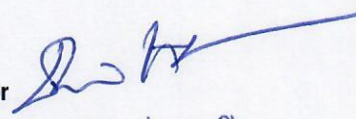
Director

Date:


20/12/2018

Director

Date:


20/12/2018

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BULK OIL STORAGE AND TRANSPORTATION LIMITED**

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 Bulk Oil Storage and Transportation Limited as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179).

What we have audited

We have audited the financial statements of Bulk Oil Storage and Transportation Limited (the "Company") for the year ended 31 December 2015.

The financial statements on pages 7 to 41 comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2015;
- the statement of financial position as at 31 December 2015;
- the statement of changes in equity for the year ended 31 December 2015;
- the statement of cash flows for the year ended 31 December 2015; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis of opinion

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

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

Independence

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

Other information

The directors are responsible for the other information. The other information comprises Corporate Information and 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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BULK OIL STORAGE AND TRANSPORTATION LIMITED (continued)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the 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 Company's 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 AUDITORS' REPORT
TO THE MEMBERS OF BULK OIL STORAGE AND TRANSPORTATION LIMITED (continued)**

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

PricewaterhouseCoopers (ICAG/F/2018/028)

Chartered Accountants

Accra, Ghana

24 December 2018



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Year ended 31 December	
		2015 GH¢	2014 GH¢
Revenue	5	2,225,736,228	474,184,315
Cost of sales	6	<u>(1,857,266,855)</u>	<u>(365,135,192)</u>
Gross profit		368,469,373	109,049,123
Other operating income	7	3,016,869	12,326,426
Other operating expenses	8	(201,189,849)	(132,630,790)
Administrative expenses	9	(213,208,973)	(71,094,383)
Operating loss		(42,912,580)	(82,349,624)
Finance income	10	2,702,897	2,248,804
Finance costs	11	(29,830,607)	(36,390,440)
Loss before tax		(70,040,290)	(116,491,260)
Income tax credit	12(a)	33,698,621	48,476,525
Loss for the year		(36,341,669)	(68,014,735)
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(36,341,669)</u>	<u>(68,014,735)</u>

Notes 1 to 30 form an integral part of these financial statements.

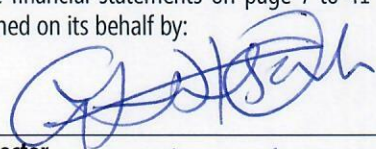
BULK OIL STORAGE AND TRANSPORTATION LIMITED


**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	Note	As at 31 December		As at 1 January
		2015 GH¢	2014 GH¢	2014 GH¢
Non-current assets				
Property, plant and equipment	13	<u>968,681,072</u>	<u>1,016,746,669</u>	<u>1,058,076,692</u>
Total non-current assets		<u>968,681,072</u>	<u>1,016,746,669</u>	<u>1,058,076,692</u>
Current assets				
Current income tax assets	12(c)	-	-	326,610
Inventories	14	<u>304,260,066</u>	3,612,148	3,612,148
Trade and other receivables	15	<u>687,833,640</u>	283,281,405	177,637,244
Cash and bank balances	16	<u>42,076,170</u>	<u>75,917,276</u>	<u>16,175,706</u>
Total current assets		<u>1,034,169,876</u>	<u>362,810,829</u>	<u>197,751,708</u>
Total assets		<u>2,002,850,948</u>	<u>1,379,557,498</u>	<u>1,255,828,400</u>
Equity				
Stated capital	17	<u>500,000</u>	500,000	500,000
Other reserves	23	<u>43,356,215</u>	43,356,215	43,356,215
Income surplus account	24	<u>247,477,306</u>	<u>283,818,975</u>	<u>351,833,710</u>
Total equity		<u>291,333,521</u>	<u>327,675,190</u>	<u>395,689,925</u>
Non-current liabilities				
Non-current portion of long term borrowings	18	<u>511,192,812</u>	569,827,740	381,460,334
Deferred income tax liabilities	12(d)	<u>162,202,632</u>	<u>196,720,113</u>	<u>245,751,603</u>
Total non-current liabilities		<u>673,395,444</u>	<u>766,547,853</u>	<u>627,211,937</u>
Current liabilities				
Current portion of long term borrowings	18	<u>59,822,011</u>	55,260,885	-
Short term borrowings (Bank overdraft)	19	-	1,296,807	109,019,353
Trade accounts and other payable	20	<u>839,534,717</u>	202,937,921	98,380,757
Current income tax liabilities	12(c)	<u>220,060</u>	228,355	-
Other employee benefit obligation	21	<u>451,638</u>	366,403	282,344
Provisions	22	<u>138,093,557</u>	<u>25,244,084</u>	<u>25,244,084</u>
Total current liabilities		<u>1,038,121,983</u>	<u>285,334,455</u>	<u>232,926,538</u>
Total liabilities		<u>1,711,517,427</u>	<u>1,051,882,308</u>	<u>860,138,475</u>
Total equity and liabilities		<u>2,002,850,948</u>	<u>1,379,557,498</u>	<u>1,255,828,400</u>

Notes 1 to 30 form an integral part of these financial statements.

The financial statements on page 7 to 41 were approved by the Board of Directors on 20 December 2018 and signed on its behalf by:


 Director
 Date: 20/12/2018


 Director
 Date: 20/12/2018

BULK OIL STORAGE AND TRANSPORTATION LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Stated capital GH¢	Other reserves GH¢	Income surplus account GH¢	Total GH¢
<u>Year ended 31 December 2015</u>				
As at 1 January 2015	500,000	43,356,215	283,818,975	327,675,190
Loss for the year	-	-	(36,341,669)	(36,341,669)
Total comprehensive income	-	-	(36,341,669)	(36,341,669)
As at 31 December 2015	<u>500,000</u>	<u>43,356,215</u>	<u>247,477,306</u>	<u>291,333,521</u>
<u>Year ended 31 December 2014</u>				
As at 1 January 2014	500,000	43,356,215	351,833,710	395,689,925
Loss for the year	-	-	(68,014,735)	(68,014,735)
Total comprehensive income	-	-	(68,014,735)	(68,014,735)
As at 31 December 2014	<u>500,000</u>	<u>43,356,215</u>	<u>283,818,975</u>	<u>327,675,190</u>

Notes 1 to 30 form an integral part of these financial statements.

BULK OIL STORAGE AND TRANSPORTATION LIMITED
**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	Year ended 31 December	
		2015 GH¢	2014 GH¢
Operating activities			
Loss before tax		(70,040,290)	(116,491,260)
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation charge	13	52,892,695	41,798,501
Finance income	10	(2,702,897)	(2,248,804)
Finance cost	11	29,830,607	36,390,440
Operating profit before working capital changes		9,980,115	(40,551,123)
Adjusted for changes in working capital:			
Increase in inventories		(300,647,918)	-
Increase in trade and other receivables (excluding short term investments)		(408,195,483)	(114,720,140)
Increase in trade and other payables		636,596,796	104,557,164
Increase in other employee benefit obligations		85,235	84,059
Increase in provisions		112,849,473	-
Cash generated from/(used in) operations		50,668,218	(50,630,040)
Interest received	10	2,702,897	2,248,804
Interest paid	11	(29,830,607)	(36,390,440)
Income tax paid	12	(827,155)	-
Net cash generated from/(used in) operating activities		22,713,353	(84,771,676)
Investing activities			
Purchases of property, plant and equipment	13	(4,827,098)	(468,478)
Net cash used in investing activities		(4,827,098)	(468,478)
Financing activities			
Proceeds from borrowings		-	243,628,291
Loan repayments		(54,073,802)	-
Net cash (used)/generated from financing activities		(54,073,802)	243,628,291
Net (decrease)/increase in cash and cash equivalents		(36,187,547)	158,388,137
Cash and cash equivalents as at 1 January	16a	83,039,289	(75,348,848)
Cash and cash equivalents as at 31 December	16a	46,851,742	83,039,289

Notes 1 to 30 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. Corporate Information

The financial statements of Bulk Oil Storage and Transportation Limited ('the Company') for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors. Bulk Oil Storage and Transportation Limited is a Company incorporated and domiciled in Ghana under the Companies Act, 1963 (Act 179). The Company was incorporated to engage in strategic storage, management and distribution of bulk petroleum stocks and other supplementary business through depots sited at strategic locations across Ghana.

2. Basis of preparation

The financial statements of Bulk Oil Storage and Transportation Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and are presented in Ghana Cedis. The financial statements have been prepared on a historical cost basis, except where otherwise measured at fair values.

For all periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with Ghana Accounting Standards (GAS). These financial statements for the year ended 31 December 2015 are the first the Company has prepared in accordance with IFRS. An explanation of how the transition to IFRS has affected the reported financial position and financial performance of the Company is provided in Note 4.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as disclosures of contingent assets and liabilities at the reporting date and the reported amount of revenue and expenses during the period. However, actual outcome could differ from those estimates.

3. Significant accounting policies

3.1 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being received. Revenue is measured at the fair value of the consideration received or receivable, taking account of contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is the principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from sale of goods

Petroleum products sold are recognised as revenue when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Revenue from services rendered

Revenue represents invoiced value of services rendered during the year in relation to transportation and storage of petroleum products, net of value added tax. Local and export services fees are recognised based on deliveries made to customers on a monthly basis. The storage and loading and racking fees are recognised on an accrual basis once customer products are delivered to the company's storage facilities. Amounts become payable once sales invoices are raised and delivered to customers. Interest income is recognised as it accrues.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

3. Significant accounting policies (continued)

3.2 Current versus non-current classification

Bulk Oil Storage and Transportation Limited presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- ▶ Expected to be realised or intended to be sold or consumed in normal operating cycle.
- ▶ Held primarily for the purpose of trading.
- ▶ Expected to be realised within twelve months after the reporting period.

Or

- ▶ Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- ▶ It is expected to be settled in normal operating cycle.
- ▶ It is held primarily for the purpose of trading.
- ▶ It is due to be settled within twelve months after the reporting period.

Or

- ▶ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Bulk Oil Storage and Transportation Limited classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.3 Inventory

Inventories are valued at the lower of cost and net realizable value. Cost comprises expenditure incurred in the normal course of business. Net Realisable Value (NRV) is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less estimated costs necessary to make the sale. Provision is made for obsolete, slow moving and defective stocks as and when determined.

Inventory belonging to the Bulk Distribution Companies (BDCs) which are stored or transmitted by the Company are not included in these financial statements as they are not owned by the Company.

Deadstock

Oil which is necessary to bring a tank into working order, is treated as a part of the related tank.

This is on the basis that it is not held for sale or consumed in a production process, but is necessary to the operation of a facility during more than one operating cycle, and its cost cannot be recouped through sale (or is significantly impaired). This applies even if the part of inventory that is deemed to be an item of property, plant and equipment cannot be separated physically from the rest of inventory. It is valued at cost and is depreciated over the useful life of the related asset.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

3. Significant accounting policies (continued)

3.4 Employee benefits

Defined contribution scheme

For defined contribution schemes, the Company recognizes contributions due in respect of the accounting period in profit or loss. Any contributions unpaid at the reporting date are included as a liability.

Short-term employee benefits, such as salaries, paid absences, and other benefits, are accounted for on an accruals basis over the period which employees have provided services in the year. Bonuses are recognised to the extent that the Company has a present obligation to its employees that can be measured reliably. Company also has a policy of awarding long standing employees for faithful service. These employee benefits are payable upon the achievement of ten years of service by an employee to the Company.

All expenses related to employee benefits are recognised in profit or loss in staff costs, which is included within operating expenses.

Other long term-employment benefits

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) which do not fall wholly due within twelve months after the end of the period in which the employees render the related service.

The amount recognised in the Other long term-employment benefits provision is determined using the projected unit credit method. The liability recognised in the balance sheet in respect of the other long term employee benefit plans is the present value of the obligation at the end of the reporting period. Actuarial gains and losses are charged or credited to the statement of profit and loss in the period in which they arise. Past service costs are also recognised immediately in the statement of profit or loss and other comprehensive income.

3.5 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

Short-term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as 'cash and cash equivalents'.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

3.6 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

3. Significant accounting policies (continued)

3.7 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

3.8 Foreign currency transactions

Items included in the financial statements 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.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

3.9 Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the Ghana Revenue Authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Other taxes

Revenues, expenses and assets are recognised net of the amount of VAT except where the value added tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. The net amount of value added tax recoverable from, or payable to, the Ghana Revenue Authority is included as part of other receivables or payables in the statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015****3. Significant accounting policies (continued)****3.10 Property, plant and equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets, the borrowing costs. The purchase price or construction cost is the aggregate of the amount paid and the fair value of any other consideration given to acquire the asset.

The straight line method is adopted to depreciate the cost of items of property, plant and equipment less any estimated residual value of the assets over their expected useful lives. The Company estimates the useful lives of other assets in line with their beneficial periods. Where parts of an item of property, plant and equipment have different useful lives and is significant to the total cost, the cost of that item is allocated on a component basis among the parts and each part is depreciated separately.

	Rate (%)
Land and buildings	4
Motor vehicles	25
Furniture and fittings	25
Office equipment	20
Operational equipment	5
Household equipment	33.3
Computer and IT equipment	33.3
Marine equipment	10
Freehold land is not depreciated.	

Residual values, useful lives and the depreciation method are reviewed and, adjusted if appropriate at each reporting date. Changes are accounted for prospectively.

The cost of assets built by the Company includes the cost of material and direct labour as well as any other costs directly attributable to bringing the asset to a working condition as intended by management. Once the assets are available for use, depreciation commences.

Dead-stock values have been capitalised as part of the tanks they enable for use and have been depreciated over the useful lives of the respective tanks to which they relate.

Expenditure on major maintenance or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off or is replaced and it is probable that future economic benefits associated with the item will flow to the Company, the replacement expenditure is capitalised. Where part of the asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced assets which is immediately written off. All other maintenance costs are expensed as incurred.

The carrying amount of property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period in which the item is derecognised.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

3. Significant accounting policies (continued)

3.11 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

All financial instruments are classified into one of the following categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities.

Financial instruments classified as held-for-trading are measured at fair value with changes in fair value recognised in statement of profit or loss.

Financial instruments classified as available-for-sale are measured at fair value using quoted prices in an active market. Changes in fair value are recognised in other comprehensive income until the item is derecognised or determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income is recognised in profit or loss. When actively quoted prices are not available, fair value is determined using other valuation techniques. If fair value cannot be reliably estimated, the item is carried at cost.

Financial instruments classified as held-to-maturity investments, loans and receivables or other financial liabilities are measured at fair value upon initial recognition and subsequently measured at their amortised cost using the effective interest method.

Transaction costs on financial instruments are expensed when incurred. Purchases and sales of financial assets are accounted for at trade dates.

Financial instruments include disclosures on their liquidity risk and the inputs to fair value measurement, including their classification within a hierarchy that prioritizes those inputs.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

3. Significant accounting policies (continued)

3.11 Financial Instruments (continued)

Derecognition of financial asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets is primarily derecognised (i.e., removed from Bulk Oil Storage and Transportation's statement of financial position) when:

The rights to receive cash flows from the asset have expired.

Or

It has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company' also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3.12 Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

In the process of applying the Company's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the financial statements have been discussed in the individual notes of the related financial statements line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

3. **Significant accounting policies (continued)**

3.13 **Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Amendments to IAS 12 Income Taxes

In January 2016, through issuing amendments to IAS 12, the IASB clarified the accounting treatment of deferred tax assets of debt instruments measured at fair value for accounting, but measured at cost for tax purposes. The amendment is effective from 1 January 2017. The Company is currently evaluating the impact, but does not anticipate that adopting the amendments would have a material impact on its financial statements.

Amendments to IAS 7 Statement of Cash Flows

In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows with the intention to improve disclosures of financing activities and help users to better understand the reporting entities' liquidity positions. Under the new requirements, entities will need to disclose changes in their financial liabilities as a result of financing activities such as changes from cash flows and non-cash items (e.g., gains and losses due to foreign currency movements). The amendment is effective from 1 January 2017.

IFRS 16 Leases

The IASB has developed a new Leases Standard, IFRS 16, which supersedes IAS 17 Leases. The IASB worked jointly with the FASB on this project. The FASB expects to publish its new Leases Standard in early 2016. The company is required to apply IFRS 16 from 1 January 2019.

IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments.

The Company is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

3. Significant accounting policies (continued)

3.13 Standards issued but not yet effective (continued)

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

4. First time adoption of IFRS

These financial statements, for the year ended 31 December 2015, are the first set of financial statements that the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with Ghana Accounting Standards (GAS). Accordingly, the Company has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2015, together with the comparative period data as at and for the year ended 31 December 2014, as described in the accounting policies. In preparing these financial statements, the Company's opening statement of financial position was prepared as at 1 January 2014, the Company's date of transition to IFRS.

This note explains the principal adjustments made by the Company in restating its GAS statement of financial position as at 1 January 2014 and its previously published GAS financial statements as at and for the year ended 31 December 2014.

Exemptions applied

IFRS 1 *First-Time Adoption of International Financial Reporting Standards* allows first-time adopters certain exemptions from the retrospective application of certain IFRS.

The Company elected to use the deemed costs at the transition date since in the opinion of management, the revalued amounts of property, plant and equipment as at 1 January 2014 approximates the fair value of property, plant and equipment at the transition date

The Company has applied the transitional provision in IFRIC 4 Determining whether an Arrangement Contains a Lease and has assessed all arrangements based upon the conditions in place as at the date of transition.

Estimates

The estimates at 1 January 2014 and at 31 December 2014 respectively are consistent with those made for the same dates in accordance with Ghana Accounting Standards (after adjustments to reflect any differences in accounting policies) apart from other long term employee benefit where application of GAS did not require estimation.

The estimates used by the Company to present these amounts in accordance with IFRS reflect conditions at 1 January 2014, the date of transition to IFRS and as at 31 December 2014.

BULK OIL STORAGE AND TRANSPORTATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

4 First time adoption of IFRS (continued)

4.1 Reconciliation of the Company's statement of financial position as at 1 January 2014 (Date of transition to IFRS)

	Notes	GAS GH¢	Reclassification GH¢	Other IFRS adjustments GH¢	IFRS as at 1 January 2014 GH¢
Assets					
Property, plant and equipment	(i), (ii) (iii)	1,023,122,966	44,752,463	(9,798,737)	1,058,076,692
Current income tax assets		326,610			326,610
Inventories	(i)	23,120,527	(19,508,379)	-	3,612,148
Trade and other receivables	(v)	160,142,445	17,494,799	-	177,637,244
Short-term investments	(v)	17,494,799	(17,494,799)	-	-
Cash and bank balances		16,175,706	-	-	16,175,706
Total assets		<u>1,240,383,053</u>	<u>25,244,084</u>	<u>(9,798,737)</u>	<u>1,255,828,400</u>
Equity					
Stated capital		500,000	-	-	500,000
Capital surplus	(vi)	704,197,555	-	(704,197,555)	-
Other reserves	(vii)	-	-	43,356,215	43,356,215
Income surplus account	(xiii)	(63,049,940)	-	414,883,650	351,833,710
Total equity		<u>641,647,615</u>	-	<u>(245,957,690)</u>	<u>395,689,925</u>
Liabilities					
Current portion of capital grant		10,246,638	-	(10,246,638)	-
Interest bearing loans		377,188,390	-	4,271,944	381,460,334
Deferred income tax liabilities		-	-	245,751,603	245,751,603
Short term borrowings (Bank overdraft)	(viii)	109,019,353	-	-	109,019,353
Trade and other payables		98,380,757	-	-	98,380,757
Deferred portion of capital grant		4,153,689	-	(4,153,689)	-
Other employee benefit obligations	(x)	-	-	282,344	282,344
Provisions	(iv)/(xi)	-	25,244,084	-	25,244,084
Total liabilities		<u>598,988,827</u>	<u>25,244,084</u>	<u>235,905,564</u>	<u>860,138,475</u>
Total equity and liabilities		<u>1,240,636,442</u>	<u>25,244,084</u>	<u>(10,052,126)</u>	<u>1,255,828,400</u>

BULK OIL STORAGE AND TRANSPORTATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

**4. First time adoption of IFRS (continued)
4.2 Reconciliation of the Company's statement of financial position as at 31 December 2014**

Assets	Notes	GAS GH¢	Reclassification GH¢	Other IFRS adjustments GH¢	IFRS as at 31 December 2014 GH¢
Non-current assets					
Property, plant and equipment	(i)/(ii)/(iii)	1,006,680,881	44,752,463	(34,686,675)	1,016,746,669
Inventories	(i)	23,120,527	(19,508,379)	-	3,612,148
Trade and other receivables	(v)	274,862,585	8,418,820	-	283,281,405
Short-term investments	(v)	8,418,820	(8,418,820)	-	-
Cash and cash equivalents		<u>75,917,276</u>	-	-	<u>75,917,276</u>
Total assets		<u>1,389,000,089</u>	<u>25,244,084</u>	<u>(34,686,675)</u>	<u>1,379,557,498</u>
Equity					
Stated capital		500,000	-	-	500,000
Capital surplus	(vi)	704,197,555	-	(704,197,555)	-
Other reserves	(vii)	-	-	43,356,215	43,356,215
Income surplus account	(x)	<u>(148,790,233)</u>	-	<u>432,609,208</u>	<u>283,818,975</u>
Total equity		<u>555,907,322</u>	-	<u>(228,232,132)</u>	<u>327,675,190</u>
Liabilities					
Capital grant	(vii)	6,092,950	-	(6,092,950)	-
Interest bearing loans		619,191,400	-	5,897,225	625,088,625
Deferred income tax liabilities	(viii)	-	-	196,720,113	196,720,113
Bank overdraft		1,296,807	-	-	1,296,807
Trade and other payables		202,937,921	-	-	202,937,921
Capital grant		4,153,689	-	(4,153,689)	-
Taxation	(ix)	-	-	228,355	228,355
Employee benefit obligations	(x)	-	-	366,403	366,403
Provisions	(iv) (xi)	-	<u>25,244,084</u>	-	<u>25,244,084</u>
Total liabilities		<u>833,672,767</u>	<u>25,244,084</u>	<u>192,965,457</u>	<u>1,051,882,308</u>
Total equity and liabilities		<u>1,389,580,089</u>	<u>25,244,084</u>	<u>(35,266,675)</u>	<u>1,379,557,498</u>

BULK OIL STORAGE AND TRANSPORTATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

4. First time adoption of IFRS (continued)

4.3 Reconciliation of the Company's total profit or loss and other comprehensive income for the year ended 31 December 2014

	Note	GAS GH¢	Reclassification GH¢	Other IFRS adjustments GH¢	IFRS as at 31 December 2014 GH¢
Revenue	(xii)	348,039,895	126,144,420		474,184,315
Cost of sales		<u>(365,135,192)</u>	-	-	<u>(365,135,192)</u>
Gross profit		(17,095,297)	126,144,420	-	109,049,123
Other operating income	(xii)	201,491,279	(185,011,164)	(4,153,689)	12,326,426
Administrative expenses	(xiii)	(235,371,116)	189,248,730	(24,971,997)	(71,094,383)
Other operating expenses	(xiii)	-	<u>(132,630,790)</u>	-	<u>(132,630,790)</u>
Operating loss		(50,975,134)	(2,248,804)	(29,125,686)	(82,349,624)
Finance income		-	2,248,804	-	2,248,804
Finance costs		<u>(34,765,159)</u>	-	<u>(1,625,282)</u>	<u>(36,390,440)</u>
Loss before tax		(85,740,293)	-	(30,750,968)	(116,491,260)
Income tax expense	(ix/viii)	-	-	<u>48,476,525</u>	<u>48,476,525</u>
Loss for the year		(85,740,293)	-	17,725,558	(68,014,735)
Other comprehensive income:		-	-	-	-
Total comprehensive income for the year		<u>(85,740,293)</u>	-	<u>17,725,558</u>	<u>(68,014,735)</u>

BULK OIL STORAGE AND TRANSPORTATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

4 First time adoption of IFRS (continued)

4.4 Notes to the reconciliations of equity as at 1 January 2014 and 31 December 2014 and the total profit or loss and other comprehensive income for the year ended 31 December 2014.

i) Reclassification of deadstock

IFRS defines property, plant and equipment as tangible assets that are held for use in the production of goods and services, for rentals or for administrative purposes. In accordance with IFRS, the stock deposits that must be available in the Oil Storage Tanks for it to operate effectively should be recognised as part of the cost of the tank and depreciated over the useful life of the Tank.

To achieve compliance with IFRS, deadstock was reclassified from inventory to property, plant and equipment for the year ended 31 December 2014 and 1 January 2014.

ii) Recognition of depreciation

IFRS requires that depreciation of property, plant and equipment begins when the asset is in the location and condition necessary for it to be operable as intended by management. The depreciable amount of the item under consideration must be systematically allocated over the useful life of the asset. Depreciation on marine equipment, operational equipment and deadstock, which hitherto were not being depreciated has thus been depreciated and recognised in the financial statements.

iii) Reclassification from Property, Plant and equipment to expenses

IFRS defines an asset as a resource controlled by an entity as a result of past events from which future economic benefits are expected to flow to the entity. Hence any cost incurred for which there is no reasonable future economic benefits expected to flow to the entity is recognised as an expense.

An expenditure incurred for consultancy which had been capitalised under GAS has been adjusted to expense for compliance with IFRS.

The impact arising from the above noted changes are summarised as follows:

	Note	31 December 2014 GH¢	1 January 2014 GH¢
Property, plant and equipment as per GAS		1,006,680,881	1,023,122,966
Reclassification of Deadstock Stock from inventory	(i)	44,752,462	44,752,462
Accumulated depreciation Deadstock	(ii)	(3,580,197)	(1,790,099)
Accumulated depreciation-Marine equipment	(ii)	(7,302,500)	-
Accumulated depreciation Operational equipment	(ii)	(23,803,977)	-
Reclassification from Property, Plant and equipment to expenses	(iii)	-	(8,008,637)
Property, plant and equipment as per IFRS		<u>1,016,746,669</u>	<u>1,058,076,692</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

4 First time adoption of IFRS (continued)

4.4 Notes to the reconciliations of equity as at 1 January 2014 and 31 December 2014 and the total profit or loss and other comprehensive income for the year ended 31 December 2014 (continued)

iv) Deadstock owned by BDCs

Inventories in 2013 and 2014 at GH¢23,120,527, was less than the deadstock amount by GH¢25,244,084. This indicates that a portion of the deadstock valued at the above mentioned amount did not belong to the Company. A liability of GH¢25,244,084 owed to the Bulk Distributing Companies (BDCs) was raised pertaining to this portion of the deadstock not owned by the Company.

v) Reclassification of short term investments

IFRS provides at a minimum, items to be presented on the face of a financial statements. To ensure that what is presented on the face of the financial statement are relevant to users, Short term investments of GH¢17,494,799 in 2013, (GH¢8,418,820; 2014) were reclassified to trade and other receivables.

vi) Derecognition of capital reserve

IFRS allows an entity to use fair values of Property, plant and equipment as deemed cost when transitioning to IFRS. The Company on transition to IFRS, elected this exception and as a result the revaluation reserve of GH¢704,197,555 (capital reserve) was reversed into retained earnings.

Property, plant and equipment whose revaluation resulted in the surplus will subsequently be measured at cost.

vii) Other reserves

IFRS defines an equity instrument as any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

The Government of Ghana is the sole owner of the Company, hence capital grants and loan repayments on behalf of the Company has been reclassified from liabilities to equity since the Government do not intend to sub-charge the Company in the future for loans paid on its behalf and also, being the owner of the Company, any capital grant is also an additional contribution to equity because there is no future obligation for grants received.

Below is a summary of adjustments to other reserves.

	31 December 2014 GH¢	1 January 2014 GH¢
Capital grant reclassification	<u>43,356,215</u>	<u>43,356,215</u>

BULK OIL STORAGE AND TRANSPORTATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

4 First time adoption of IFRS (continued)

4.4 Notes to the reconciliations of equity as at 1 January 2014 and 31 December 2014 and the total profit or loss and other comprehensive income for the year ended 31 December 2014 (continued)

viii) Deferred income tax recognition

IFRS requires entities to recognise the future tax consequence of the recovery and settlement of assets and liabilities held at the reporting date.

This is recognised as deferred income taxes and calculates based on the temporary differences, which are defined as the difference between the carrying amount of assets/liabilities and their tax base.

The Company did not recognise deferred income taxes based on GAS reporting.

On transition to IFRS, deferred income taxes were computed and this resulted in the recognition of a deferred tax liabilities of GH¢245,751,603 and GH¢196,720,113, as at 31 December 2014 and 1 January 2014 respectively.

ix) Recognition of final tax provision

IFRS requires that liabilities are recognised when there is a present obligation to make a settlement as a result of a past event. The Company has a statutory obligation to make tax payments on rental income and investment income. The total amount due for the year ending 31 December 2014 respectively has been recognised in line with IFRS as a current liability under trade and other payables in the statement of financial position.

x) Recognition of employee benefit obligation

Under GAS, the Company recognised other long term employee benefits on a cash basis. On transition to IFRS, benefits accruing to staff of the Company for long service were estimated by applying the Projected Unit of Credit Method for discounting the resulting liability. Actuarial assumptions employed in the estimation of the provision were the staff turnover rate, the salary growth rate and the discount rate. This resulted in a liability recognised to the tune of GH¢ 282,344 in 2013 and GH¢ 366,403 in 2014.

xi) Provisions

IFRS Provision: a liability of uncertain timing or amount.

An entity must recognise a provision if, and only if:
a present obligation (legal or constructive) has arisen as a result of a past event (the obligating event), payment is probable ('more likely than not'), and the amount can be estimated reliably.

On transition to IFRS, some liabilities amounting to GH¢ 25,244,084 in respect of stock owed to Bulk Distribution Companies were recognised as provisions.

xii) Reclassification of other income to revenue

Revenue, according to IFRS, arises as a consequence of the normal operating activities and business of the organisation. Other income, on the other hand, are enjoyed incidental to the core business of the entity. Accordingly, inflows of GH¢ 126,144,420 in 2014 that related to the core business of the Company that had previously been recognised as other income under GAS had been reclassified into revenue in compliance with IFRS.

xiii) Reclassification of operational expenses from administrative expenses

IFRS requires that expenses are analysed according to either their nature or function as would provide more relevant and reliable information to users of the financial statements. On migration to IFRS, expenses of GH¢ 132,630,790 was reclassified from administrative expenses to other operating expenses based on their function.

BULK OIL STORAGE AND TRANSPORTATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015****4 First time adoption of IFRS (continued)****4.4 Notes to the reconciliations of equity as at 1 January 2014 and 31 December 2014 and the total profit or loss and other comprehensive income for the year ended 31 December 2014 (continued)****xiv) Retained earnings reconciliation**

Below is a reconciliation of retained earnings from GAS to IFRS

	31 December 2014 GH¢	1 January 2014 GH¢
Income surplus accounts per GAS	(148,790,232)	(63,049,940)
Deferred tax liability	(196,720,113)	(245,751,603)
Long service awards	(366,403)	(282,345)
Income tax liability	(808,355)	(253,390)
Reversal of capitalised asset into Profit or Loss	(8,017,292)	(8,008,637)
Amortisation of deadstock recognised	(3,580,198)	(1,790,099)
Reversal of revaluation reserve into income surplus account	704,197,555	704,197,555
Recognition of depreciation charges for CWIP items	(23,089,186)	-
Reversal of additional capital contribution	<u>(39,006,801)</u>	<u>(33,227,831)</u>
Income surplus account per IFRS	<u>283,818,975</u>	<u>351,833,710</u>

BULK OIL STORAGE AND TRANSPORTATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015****5. Revenue**

	2015	2014
	GH¢	GH¢
Petrol sales	1,038,238,487	136,968,373
Diesel sales	976,140,429	211,071,522
LPG sales	42,809,750	-
BOST margin	113,581,054	103,109,092
Storage fees	23,015,934	19,516,393
Loading rack fees	31,950,574	<u>3,518,935</u>
	<u>2,225,736,228</u>	<u>474,184,315</u>

6. Cost of sales

	2015	2014
	GH¢	GH¢
Cost of petrol sold	924,507,573	134,956,670
Cost of diesel sold	855,009,761	211,071,522
Cost of LPG sold	54,527,237	-
Operational losses	-	19,107,000
Pipeline handling costs	20,563,373	-
Other maintenance costs	2,555	-
Direct operational costs	2,656,356	-
	<u>1,857,266,855</u>	<u>365,135,192</u>

7. Other operating income

	2015	2014
	GH¢	GH¢
Rental income	44,576	113,500
Haulage expenditure refund	-	3,634,289
Marine income	709,789	-
Miscellaneous/Other income	2,262,504	160,000
Income from product gains - Diesel	-	<u>8,418,637</u>
	<u>3,016,869</u>	<u>12,326,426</u>

BULK OIL STORAGE AND TRANSPORTATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015****8. Other operating expenses**

	2015 GH¢	2014 GH¢
Voyage expenses	346,066	7,357
Miscellaneous expenses	16,366	283,343
Net exchange loss	86,384,206	132,340,090
License and permit costs	1,593,739	-
Litigation provision (Note 22)	<u>112,849,472</u>	<u>-</u>
	<u>201,189,849</u>	<u>132,630,790</u>

9. Administrative expenses

	2015 GH¢	2014 GH¢
Employee benefits (Note 8a)	20,807,583	10,945,876
Depreciation (Note 13)	52,892,695	41,798,501
Training, welfare and other staff costs	2,538,098	1,270,875
Information technology and other communication costs	1,064,180	288,993
Donations	671,455	184,877
Consultancy fees	2,286,629	646,497
Auditors remuneration	220,000	169,910
Legal and other professional fees	879,576	3,648,468
Repairs and maintenance	1,123,297	401,427
Insurance	2,490,034	873,204
Security	1,837,410	1,395,262
Motor running costs	769,942	781,932
Operating lease, other rentals and rates	2,909,695	840,277
Bank charges	27,616,812	1,377,966
Operational maintenance costs	31,558,297	-
Entertainment costs	190,781	56,057
Utility service costs	351,324	579,641
Directors' emoluments	944,093	473,008
Research and development costs	9,771,196	2,432,412
Travelling and transport costs	1,229,204	921,166
Advertising, publicity and promotions	285,406	586,767
Office material supplies and other cleaning costs	1,526,284	895,312
Provision for doubtful debt	21,162,867	-
Other administrative expenses	17,530,577	525,955
Seminars and conferences costs	1,763,173	-
Cash management fees	<u>8,788,365</u>	<u>-</u>
	<u>213,208,973</u>	<u>71,094,383</u>

BULK OIL STORAGE AND TRANSPORTATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015****9a. Employee benefits comprises:**

	2015 GH¢	2014 GH¢
Wages and Salaries	8,923,906	4,390,927
Employers share of employees Social Security contribution	1,519,699	833,102
Allowances	6,617,837	4,581,073
Casual labour	330,751	415,073
Gratuity cost and other employee benefits	<u>3,415,390</u>	<u>725,701</u>
	<u>20,807,583</u>	<u>10,945,876</u>

10. Finance income

	2015 GH¢	2014 GH¢
Interest income on fixed deposits	<u>2,702,897</u>	<u>2,248,804</u>

11. Finance costs

	2015 GH¢	2014 GH¢
Interest on borrowings	28,940,896	36,169,707
Trade finance costs	<u>889,711</u>	<u>220,733</u>
	<u>29,830,607</u>	<u>36,390,440</u>

12. Corporate tax**12a. Income tax credit**

The major components of income tax credit for the years ended 31 December 2015 and 2014 are:

	2015 GH¢	2014 GH¢
Current tax charged	(818,860)	(554,965)
Deferred income tax: Relating to accelerated depreciation and other temporary difference (note 12c)	<u>34,517,481</u>	<u>49,031,490</u>
Income tax credit reported in the statement of profit or loss	<u>33,698,621</u>	<u>48,476,525</u>

BULK OIL STORAGE AND TRANSPORTATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

12b. Effective tax reconciliations

	2015 GH¢	2014 GH¢
Accounting loss before tax	(103,474,037)	(116,491,260)
Tax at statutory income tax rate of 25% (2014: 25%)	(25,868,509)	(29,122,815)
Non-deductible expenses	<u>59,080,241</u>	<u>77,599,340</u>
At the effective income tax rate	<u>33,211,732</u>	<u>48,476,525</u>

12c. Corporation Tax

Year ended 31 December 2015

	Balance as at 1 January GH¢	Charge for the year GH¢	Payments during the year GH¢	Balance as at 31 December GH¢
Year of assessment:				
Up to 2014	228,355	-	-	228,355
2015	-	<u>818,860</u>	<u>(827,155)</u>	<u>(8,295)</u>
Total	<u>228,355</u>	<u>818,860</u>	<u>(827,155)</u>	<u>220,060</u>

Year ended 31 December 2014

	Balance as at 1 January GH¢	Charge for the year GH¢	Payments during the year GH¢	Balance as at 31 December GH¢
Year of assessment:				
Up to 2013	(326,610)	-	-	(326,610)
2014	-	<u>554,965</u>	<u>-</u>	<u>554,965</u>
Total	<u>(326,610)</u>	<u>554,965</u>	<u>-</u>	<u>228,355</u>

12d. Deferred Tax

Deferred tax as presented on the statement of financial position relates to the following:

	2015 GH¢	31 December 2014 GH¢	1 January 2014 GH¢
Accelerated depreciation for tax purposes	202,129,648	205,205,272	260,994,323
Provision for doubtful debt	(5,290,717)	(2,880,435)	(2,789,711)
Unrealised exchange (gains)/losses	-	797,898	(6,071,402)
Employee benefits obligation	(112,909)	(91,601)	(70,586)
Provisions	<u>(34,523,390)</u>	<u>(6,311,021)</u>	<u>(6,311,021)</u>
Net deferred tax liabilities	<u>162,202,632</u>	<u>196,720,113</u>	<u>245,751,603</u>

LK OIL STORAGE AND TRANSPORTATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

Property, plant and equipment

015

	Land and buildings GH¢	Motor vehicles GH¢	Operational equipment GH¢	Office equipment GH¢	Furniture & fittings GH¢	Computers & IT equipment GH¢	Household equipment GH¢	Marine equipment GH¢	Total GH¢
Cost									
as at 1 January 2015	125,116,098	1,331,357	859,953,851	463,405	227,564	216,144	1,850	73,025,000	1,060,335,269
Additions	-	345,384	2,958,227	354,399	911,477	257,549	62	-	4,827,098
as at 31 December 2015	<u>125,116,098</u>	<u>1,676,741</u>	<u>862,912,078</u>	<u>817,804</u>	<u>1,139,041</u>	<u>473,693</u>	<u>1,912</u>	<u>73,025,000</u>	<u>1,065,162,367</u>
as at 1 January 2015	214,429	165,643	35,831,074	19,757	22,939	30,962	1,296	7,302,500	43,588,600
Charge for the year	1,732,272	411,990	43,061,057	116,445	172,083	95,732	616	7,302,500	52,892,695
as at 31 December 2015	<u>1,946,701</u>	<u>577,633</u>	<u>78,892,131</u>	<u>136,202</u>	<u>195,022</u>	<u>126,694</u>	<u>1,912</u>	<u>14,605,000</u>	<u>96,481,295</u>
Net book Value - as at 31 December 2015	<u>123,169,397</u>	<u>1,099,108</u>	<u>784,019,947</u>	<u>681,602</u>	<u>944,019</u>	<u>346,999</u>	<u>-</u>	<u>58,420,000</u>	<u>968,681,072</u>
Net book Value - as at 31 December 2014	<u>124,901,669</u>	<u>1,165,714</u>	<u>824,122,777</u>	<u>443,648</u>	<u>204,625</u>	<u>185,182</u>	<u>554</u>	<u>65,722,500</u>	<u>1,016,746,669</u>

No borrowing cost was capitalised during the year (2014: nil)

No property, plant and equipment has been used as collaterals for any borrowings held as at the reporting date.

BULK OIL STORAGE AND TRANSPORTATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

13. Property, plant and equipment

2014	Land and buildings	Motor vehicles	Operational equipment	Office equipment	Furniture & fittings	Computers & IT equipment	Household equipment	Marine equipment	Total
Cost	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
As at 1 January 2014	125,037,720	1,216,229	859,848,445	365,317	197,213	175,337	1,530	73,025,000	1,059,866,791
Additions	<u>78,378</u>	<u>115,128</u>	<u>105,406</u>	<u>98,088</u>	<u>30,351</u>	<u>40,807</u>	<u>320</u>		<u>468,478</u>
As at 31 December 2014	<u>125,116,098</u>	<u>1,331,357</u>	<u>859,953,851</u>	<u>463,405</u>	<u>227,564</u>	<u>216,144</u>	<u>1,850</u>	<u>73,025,000</u>	<u>1,060,335,269</u>
Accumulated depreciation									
As at 1 January 2014	-	-	1,790,099	-	-	-	-	-	1,790,099
Charge for the year	<u>214,429</u>	<u>165,643</u>	<u>34,040,975</u>	<u>19,757</u>	<u>22,939</u>	<u>30,962</u>	<u>1,296</u>	<u>7,302,500</u>	<u>41,798,501</u>
As at 31 December 2014	<u>214,429</u>	<u>165,643</u>	<u>35,831,074</u>	<u>19,757</u>	<u>22,939</u>	<u>30,962</u>	<u>1,296</u>	<u>7,302,500</u>	<u>43,588,600</u>
Net book Value - As at 31 December 2014	<u>124,901,669</u>	<u>1,165,714</u>	<u>824,122,777</u>	<u>443,648</u>	<u>204,625</u>	<u>185,182</u>	<u>554</u>	<u>65,722,500</u>	<u>1,016,746,669</u>
Net book Value - As at 1 January 2014	<u>125,037,720</u>	<u>1,216,229</u>	<u>858,058,346</u>	<u>365,317</u>	<u>197,213</u>	<u>175,337</u>	<u>1,530</u>	<u>73,025,000</u>	<u>1,058,076,692</u>

BULK OIL STORAGE AND TRANSPORTATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015****14. Inventories**

	<u>As at 31 December</u>		<u>As at 1 January</u>
	2015	2014	2014
	GH¢	GH¢	GH¢
Diesel	244,286,472	1,664,192	1,664,192
Petrol	56,716,920	-	-
Kerosene	1,947,956	1,947,956	1,947,956
LPG	<u>1,308,718</u>	-	-
	<u>304,260,066</u>	<u>3,612,148</u>	<u>3,612,148</u>

15. Trade accounts and other receivables

	<u>As at 31 December</u>		<u>As at 1 January</u>
	2015	2014	2014
	GH¢	GH¢	GH¢
Trade accounts receivables	677,092,915	206,656,551	114,174,880
Other receivables	3,412,078	62,987,091	45,033,139
Staff receivables	274,736	907,210	129,044
Prepayments	2,278,339	4,311,733	805,382
Treasury bills and fixed deposits with banks	<u>4,775,572</u>	<u>8,418,820</u>	<u>17,494,799</u>
	<u>687,833,640</u>	<u>283,281,405</u>	<u>177,637,244</u>

Trade accounts receivable are presented net of provisions for bad and doubtful debt.

Trade receivables are non-interest bearing and are generally on contract terms.

Treasury bills and fixed deposits with banks held by the Company have maturities in less than 90 days from the investment date.

The carrying amount of the Company's financial assets set out above (trade and other receivables excluding prepayment) approximate their fair value due to their short term nature.

BULK OIL STORAGE AND TRANSPORTATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

16. Cash and bank balances

	<u>As at 31 December</u>		<u>As at 1 January</u>
	2015	2014	2014
	GH¢	GH¢	GH¢
Cash at hand	-	71,495	28,784
Bank balances	<u>42,076,170</u>	<u>75,845,781</u>	<u>16,146,922</u>
	<u>42,076,170</u>	<u>75,917,276</u>	<u>16,175,706</u>

16a. Cash and cash equivalents

For the purposes of the statement of cash flows, the Company's cash and cash equivalent comprises:

	<u>As at 31 December</u>		<u>As at 1 January</u>
	2015	2014	2014
	GH¢	GH¢	GH¢
Cash and bank balances (Note 16)	<u>42,076,170</u>	75,917,276	16,175,706
Bank overdrafts (Note 18)	-	(1,296,807)	(109,019,353)
Fixed deposits with banks (Note 15)	<u>4,775,572</u>	<u>8,418,820</u>	<u>17,494,799</u>
	<u>46,851,742</u>	<u>83,039,289</u>	<u>(75,348,848)</u>

17. Stated capital

	2015	2015	2014	2014
	Number issued	Amount	Number issued	Amount
	No.	GH¢	No.	GH¢
Issued for cash consideration	<u>1,000,000</u>	<u>500,000</u>	<u>1,000,000</u>	<u>500,000</u>

There are no unpaid liabilities on any share and there are no treasury shares.

BULK OIL STORAGE AND TRANSPORTATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

18. Loans and borrowings

	As at 31 December		1 January
	2015	2014	2014
	GH¢	GH¢	GH¢
Standard Chartered Bank Limited	234,719,332	233,663,674	182,893,686
EX-IM Bank - US	249,997,321	103,670,498	-
Ghana Commercial Bank	86,298,170	287,754,454	198,566,648
	<u>571,014,823</u>	<u>625,088,626</u>	<u>381,460,334</u>
Current portion long term borrowings	59,822,011	55,260,885	-
Non-current portion of long term borrowings	511,192,812	569,827,740	381,460,334
Total	571,014,823	625,088,625	381,460,334

Loans from Standard Chartered bank Limited and First Atlantic Merchant Bank Limited are restructured with a tenor of five (5) years.

In 2007, the Company entered into a credit agreement with Citibank N.A. and Export –Import Bank of the United States of America with Government of Ghana as guarantor for an amount of US\$123.44 million for the purchase and construction of oil storage tanks and pipelines.

The details of the loan facility are as follows:

Export-import Bank: US\$109.54million

Citibank N.A.: US\$13.9million

The loan from Citibank N.A. has been repaid. However, the Export –Import Bank loan facility which is for a period of five (5) years with a 24 month moratorium and an interest rate of 2.25% per annum, is outstanding. The Company's obligation under the loan has been guaranteed unconditionally by the Ministry of Finance of the Republic of Ghana.

19. Short term borrowings (Bank overdraft)

	As at 31 December		1 January
	2015	2014	2014
	GH¢	GH¢	GH¢
Ghana Commercial Bank overdraft	-	379,149	109,019,353
Ecobank overdraft	-	917,658	-
	-	<u>1,296,807</u>	<u>109,019,353</u>

BULK OIL STORAGE AND TRANSPORTATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015****20. Trade accounts and other payable**

	<u>As at 31 December</u>		<u>1 January</u>
	2015	2014	2014
	GH¢	GH¢	GH¢
Trade accounts payable	696,805,478	107,400,796	11,343,919
Other accounts payable	41,020,247	91,059,267	84,437,631
Accrued expenses	2,592,667	4,477,858	2,599,207
Staff creditors	85,555	-	-
Settlement of obligations by Government on behalf of the Company	99,030,770	-	-
	<u>839,534,717</u>	<u>202,937,921</u>	<u>98,380,757</u>

The Company's trade and other payables are non-interest bearing and their carrying amounts approximate their fair values due to their short term nature.

21. Other employee benefit obligations

	<u>As at 31 December</u>		<u>1 January</u>
	2015	2014	2014
	GH¢	GH¢	GH¢
Long service awards as at 1 January	366,403	282,344	234,651
Changes in actuarial assumptions	6,520	6,502	-
Interest cost	31,667	35,930	29,860
Current service costs	47,048	<u>41,627</u>	<u>17,833</u>
Long service awards as at 31 December	<u>451,638</u>	<u>366,403</u>	<u>282,344</u>

Employee benefit obligation relates to the Company's policy of awarding long standing employees for serving the company for ten years.

Net benefit expense recognised in the statement of profit or loss in relation to other long term employee benefits are as follows:

	2015	2014
	GH¢	GH¢
Changes in actuarial assumptions	6,520	6,502
Interest cost	31,667	35,930
Current service costs	47,048	<u>41,627</u>
	<u>85,235</u>	<u>84,059</u>

BULK OIL STORAGE AND TRANSPORTATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

21. Employee benefit obligations (continued)

In determining the other long term employee benefits obligation, actuarial assumptions employed were the annual salary growth rate, the staff turnover rate and the discount rate.

	2015	2014
Salary growth rate:		
Increase/(decrease) in other long term benefits	5%	5%
Staff turnover rate:		
Increase/(decrease) in other long term benefits	7%	7%
Discount rate:		
Increase/(decrease) in other long term benefits	22.77%	22.77%

The analysis was based on changing one assumption whilst the others were held constant. It may not be representative of changes in the liability recognised as it is unlikely that the actuarial assumptions would change in isolation of one another as they may be correlated.

22. Provisions

	Litigation provisions	Provision for stock owed to BDCs	Total
	GH¢	GH¢	GH¢
<u>Year ended 31 December 2015</u>			
As at 1st January 2015	-	25,244,084	25,244,084
Arising during the year	<u>112,849,473</u>	<u>-</u>	<u>112,849,473</u>
As at 31st December 2015	<u>112,849,473</u>	<u>25,244,084</u>	<u>138,093,557</u>
<u>Year ended 31 December 2014</u>			
As at 1st January 2014		25,244,084	25,244,084
Arising during the year	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 st December 2014	<u>-</u>	<u>25,244,084</u>	<u>25,244,084</u>

Provision for litigations

The Company's legal counsel was of the opinion that the above legal suits had an above 50% possibility that the claims will be settled against the Company. The most likely outcome method was applied by the Company in estimating the litigation provisions.

Provision for stock owed

Provision has been made for stock owed to Bulk Distributing Companies (BDCs) concerning shortfalls of stock stored in the Company's facilities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

23. Other reserves

Other reserves relates to land contribution by the Government of Ghana with no recourse to settlement and yet to be transferred to Stated Capital.

24. Income surplus account

Income surplus account relates to cumulative income retained. The amount is available for distribution to members subject to regulations imposed by Companies Act, 1963 (Act 179).

25. Financial risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is managed by the Finance Director, in close cooperation with the Board of Directors, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to volatile financial markets. Short-term financial investments are managed to generate lasting returns.

The most significant financial risks to which the Company is exposed are described below.

Market risk analysis

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk which result from both its operating and investing activities.

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing and investing activities.

The Company has no interest rate risk as its investments and loans were held at fixed interest rates.

Foreign currency risk

Most of the Company's transactions are carried out in Ghana Cedi. However, the sourcing of petroleum products is carried out in United States Dollar. This means that the Company is exposed to variations of the exchange rates to the dollar.

At 31 December 2015, the Ghana cedi had weakened/strengthened by 17% (2014: 17%) against the United States Dollar with all other variables held constant. Post tax losses for the year would have been GH¢60,998,350 (2014: GH¢53,234,009) higher/lower mainly as a result of trade payables and borrowings denominated in United States Dollars.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

25. Financial risk management objectives and policies (Continued)

Credit risk analysis

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, Loans and other financial instruments.

Customer credit risk is managed by requiring customers to pay some advances before sale of goods. This therefore, substantially reduces the company's credit risk in this respect.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 15, (trade and other receivable excluding prepayment). The fair value of these financial assets approximate their carrying amounts due to their short term nature. The Company does not hold collateral as security.

The Company evaluates the concentration of risk with respect to trade receivables as high, as its customers are largely operates in the downstream oil sectors or are Government of Ghana related entities.

The Company bank deposits are held with financial institutions licensed by the Central Bank of Ghana.

Liquidity risk analysis

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of customer's deposits, loans and other payables.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments (including interest payments):

Year ended 31 December 2015

	Within 1 year GH¢	1 to 5 years GH¢	Total GH¢
Borrowings (excluding bank overdraft)	59,822,011	571,014,823	630,836,834
Trade accounts and other payable	<u>839,534,717</u>	<u>-</u>	<u>839,534,717</u>
	<u>899,356,728</u>	<u>571,014,823</u>	<u>1,470,371,551</u>

Year ended 31 December 2014

	Within 1 year GH¢	1 to 5 years GH¢	Total GH¢
Long term borrowings (excluding bank overdraft)	54,073,802	625,088,625	679,162,427
Trade accounts and other payable	202,937,921	-	202,937,921
Short term borrowings (Bank overdraft)	<u>1,296,807</u>	<u>-</u>	<u>1,296,807</u>
	<u>258,308,530</u>	<u>625,088,625</u>	<u>883,397,155</u>

BULK OIL STORAGE AND TRANSPORTATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

26. Related party disclosures

The Company is solely owned by the Government of Ghana.

Compensation of those charged with governance

	2015 GH¢	2014 GH¢
Directors emolument	<u>944,093</u>	<u>473,008</u>

27. Fair value measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The carrying amounts of the Company's financial assets and liabilities approximate its fair values and none of its non-financial assets or liabilities were measured or presented based on fair values basis.

28. Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the 31 December reporting date and the date of authorisation of the financial statements.

29. Contingent liabilities

Legal claim contingency

A provision has been made regarding claims against the Company concerning non-payment of fees regarding product losses to the tune of GH¢76,947,931 as at the reporting date (2014: nil).

Furthermore, a contingent liability amounting to GH¢119,190 is still pending. The Company has been advised by its legal counsel that it is only possible, but not probable, that the action against them will succeed. Accordingly, no provision for liability has been made in these financial statements in respect of this.

30. Capital commitments

The Company had no capital commitments as at 31 December 2015 (2014: nil).