



**BULK OIL STORAGE AND TRANSPORTATION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

BULK OIL STORAGE AND TRANSPORTATION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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BULK OIL STORAGE AND TRANSPORTATION LIMITED**ANNUAL REPORT****FOR THE YEAR ENDED 31 DECEMBER 2016**

CORPORATE INFORMATION**DIRECTORS**

Mr. Ekow Hackman	Chairman	Appointed on 31 October 2018
Mr. Edwin Alfred Provencal	Managing Director	Appointed on 28 August 2019
Mrs. Comfort Aniagyei	Member	Appointed on 31 October 2018
Mrs. Joyce Agyeman Attafuah	Member	Appointed on 30 August 2017
Mr. Kamal – Deen Abdulai	Member	Appointed on 30 August 2017
Mrs. Francisca Aba Addison	Member	Appointed on 25 July 2019
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. George Mensah Okley	Managing Director	Resigned on 28 August 2019
Hon. Djornobuah Alex Tetteh	Member	Resigned on 25 July 2019
Dr. Kwame Acheampong-Kyei	Chairman	Resigned on 31 October 2018
Mrs. Angelina Baiden-Amisah	Member	Resigned on 31 October 2018
Mr. Kakra Essamuah	Chairman	Resigned on 30 August 2017
Mr. Kingsley Kwame Awuah-Darko	Managing Director	Resigned on 30 August 2017
Mrs. Comfort Ahwoi	Member	Resigned on 30 August 2017
Mr. Steve Ahiawordor	Member	Resigned on 30 August 2017
Dr. Albert Akpalu	Member	Resigned on 30 August 2017
Mr. Kofi Iddie Adams	Member	Resigned on 30 August 2017
Dr. Alfred Attuquaye Botchway	Member	Resigned on 30 August 2017

REGISTERED OFFICE

Plot No. 12
1st Dzorwulu Crescent
West Airport Residential Area
Accra, Ghana

AUDITOR

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

COMPANY SECRETARY

Platinum Corporate Solution
No. 1A Watson Road
Adabraka
Accra, Ghana

SOLICITORS

Nsiah Akuetteh & Co.
21 Samora Machel Road
Asylum Down
Accra, Ghana

Sarkodie Baffour Awuah & Partners
No. 9 Wawa Drive
North Dzorwulu
Accra, Ghana

GENERAL COUNSEL

Harriet Amoah
Plot No. 12
1st Dzorwulu Crescent
West Airport Residential Area
Accra, Ghana

BULK OIL STORAGE AND TRANSPORTATION LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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 Transportation Limited ('the Company' or 'BOST') to the members of the Company for the year ended 31 December 2016.

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 judgement and estimates have been made in the preparation of the financial statements for the year ended 31 December 2016. 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.

Nature of business

BOST 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 "Zonalisation" 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.

Financial results

The financial results for the year ended 31 December 2016 are set out on page 7.

BULK OIL STORAGE AND TRANSPORTATION LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

Directors in office

The directors who held office during the year ended 31 December 2016 resigned effective 30 August 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
Mr. Kingsley Kwame Awuah-Darko	Managing Director

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

Mr. Ekow Hackman	Chairman
Mr. Edwin Alfred Provencal	Managing Director
Mrs. Comfort Aniagyei	Member
Mrs. Joyce Agyeman Attafuah	Member
Mr. Kamal – Deen Abdulai	Member
Mrs. Francisca Aba Addison	Member
Mr. Desmond Nartey	Member
Mr. John Kweku Akyene Duncan	Member
Mr. Nana Yaw Owusu Akwanuasa	Member

Dividend

The directors do not recommend the payment of a dividend for the year ended 31 December 2016.

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:

20/09/2019

Ekow Hackman

Director



Date:

20-09-19

EDWIN ALFRED PROVENCAL

**INDEPENDENT AUDITOR'S 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 (the "Company") as at 31 December 2016, 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 for the year ended 31 December 2016.

The financial statements on pages 7 to 35 comprise:

- the statement of financial position as at 31 December 2016;
- 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 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.

Material uncertainty relating to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Company incurred a net loss of GH¢458,638,724 during the year ended 31 December 2016 and, as of that date, the Company's total liabilities exceeded its total assets by GH¢167,305,203. As stated in Note 2, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information is 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.

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

Other information (continued)

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

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

Responsibilities of the directors for the financial statements

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

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

The directors are responsible for overseeing the 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;

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

Auditor's responsibilities for the audit of the financial statements (continued)

- 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.

REPORT ON OTHER LEGAL 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:

- 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;
- in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- the Company's balance sheet (statement of financial position) and Company's profit and loss account (part of the 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

PricewaterhouseCoopers (ICAG/F/2019/028)

Chartered Accountants

Accra, Ghana

14 October 2019



BULK OIL STORAGE AND TRANSPORTATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2016 GH¢	2015 GH¢
Revenue	5	2,922,283,678	2,225,736,228
Cost of sales	6	<u>(2,831,243,378)</u>	<u>(1,857,266,855)</u>
Gross profit		91,040,300	368,469,373
Other operating income	7	33,367,230	3,016,869
Administrative expenses	8	(538,286,390)	(213,208,973)
Other operating expenses	9	<u>(42,440,564)</u>	<u>(201,189,849)</u>
Operating loss		(456,319,424)	(42,912,580)
Finance income	10	1,661,306	2,702,897
Finance costs	11	<u>(78,532,978)</u>	<u>(29,830,607)</u>
Loss before income tax		(533,191,096)	(70,040,290)
Income tax credit	12	<u>74,552,372</u>	<u>33,698,621</u>
Loss for the year		(458,638,724)	(36,341,669)
Other comprehensive income		-	-
Total comprehensive income for the year-(loss)		<u>(458,638,724)</u>	<u>(36,341,669)</u>

The notes on pages 11 to 35 are an integral part of these financial statements.

BULK OIL STORAGE AND TRANSPORTATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

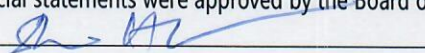
STATEMENT OF FINANCIAL POSITION

		<u>As at 31 December</u>	
	Note	2016 GH¢	2015 GH¢
Non-current assets			
Property, plant and equipment	13	987,025,778	968,681,072
Intangible assets	14	5,565,848	-
Investment securities	15	<u>86,209,889</u>	-
Total non-current assets		<u>1,078,801,515</u>	<u>968,681,072</u>
Current assets			
Inventories	16	761,923,247	304,260,066
Trade and other receivables	17	379,251,253	687,833,640
Cash and bank balances	18	<u>138,948,696</u>	<u>42,076,170</u>
Total current assets		<u>1,280,123,196</u>	<u>1,034,169,876</u>
Total assets		<u>2,358,924,711</u>	<u>2,002,850,948</u>
Equity			
Stated capital	19	500,000	500,000
Other reserves	24	43,356,215	43,356,215
Income surplus account	25	<u>(211,161,418)</u>	<u>247,477,306</u>
Total equity		<u>(167,305,203)</u>	<u>291,333,521</u>
Non-current liabilities			
Loans and borrowings	20	336,909,618	511,192,812
Deferred income tax liabilities	12(d)	<u>87,650,260</u>	<u>162,202,632</u>
Total non-current liabilities		<u>424,559,878</u>	<u>673,395,444</u>
Current Liabilities			
Loans and borrowings	20	198,048,641	59,822,011
Trade accounts and other payable	21	1,764,729,453	839,534,717
Current income tax liabilities	12(c)	220,060	220,060
Employee benefit obligation	22	578,325	451,638
Provisions	23	<u>138,093,557</u>	<u>138,093,557</u>
Total current liabilities		<u>2,101,670,036</u>	<u>1,038,121,983</u>
Total liabilities		<u>2,526,229,914</u>	<u>1,711,517,427</u>
Total equity and liabilities		<u>2,358,924,711</u>	<u>2,002,850,948</u>

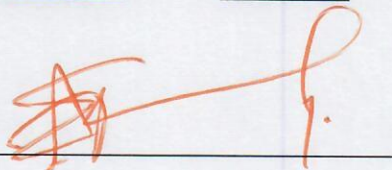
The notes on pages 11 to 35 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and signed on its behalf by:

Director


EKOW HARTZMAN

Director


EDWIN ALFRED PROVENCAL

Date:

7 / 1 / 19 19

Date:

BULK OIL STORAGE AND TRANSPORTATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT OF CHANGES IN EQUITY

	Stated capital GH¢	Other reserves GH¢	Income surplus account GH¢	Total GH¢
Year ended 31 December 2016				
As at 1 January 2016	500,000	43,356,215	247,477,306	291,333,521
Loss for the year	-	-	<u>(458,638,724)</u>	<u>(458,638,724)</u>
Total comprehensive income	-	-	<u>(458,638,724)</u>	<u>(458,638,724)</u>
As at 31 December 2016	<u>500,000</u>	<u>43,356,215</u>	<u>(211,161,418)</u>	<u>(167,305,203)</u>
Year ended 31 December 2015				
As at 1 January 2015	500,000	43,356,215	283,818,975	327,675,190
Loss for the year	-	-	<u>(36,341,669)</u>	<u>(36,341,669)</u>
Total comprehensive income	-	-	<u>(36,341,669)</u>	<u>(36,341,669)</u>
As at 31 December 2015	<u>500,000</u>	<u>43,356,215</u>	<u>247,477,306</u>	<u>291,333,521</u>

The notes on pages 11 to 35 are an integral part of these financial statements.

BULK OIL STORAGE AND TRANSPORTATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2016 GH¢	2015 GH¢
Operating activities			
Loss before tax		(533,191,096)	(70,040,290)
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation charge	13	56,719,781	52,892,695
Fair value loss	15	21,048,176	-
Finance income	10	(1,661,306)	(2,702,897)
Finance cost	11	<u>78,532,978</u>	<u>29,830,607</u>
Operating profit before working capital changes		(378,551,467)	9,980,115
Working capital adjustments:			
Increase in inventories		(457,663,181)	(300,647,918)
Decrease/(increase) in trade and other receivables (excluding treasury bills and fixed deposits with banks)		304,423,506	(408,195,483)
Increase in trade and other payables		925,194,736	636,596,796
Increase in employee benefit obligations		126,687	85,235
(Decrease)/increase in provisions		-	<u>112,849,473</u>
Cash generated from operations		393,530,281	50,668,218
Interest received	10	1,661,306	2,702,897
Interest paid	11	(78,532,978)	(29,830,607)
Income tax paid	12(c)	-	<u>(827,155)</u>
Net cash generated from operating activities		<u>316,658,609</u>	<u>22,713,353</u>
Investing activities			
Purchase of equity securities	15	(107,258,065)	-
Purchase of intangible assets	14	(5,565,848)	-
Purchases of property, plant and equipment	13	<u>(75,064,487)</u>	<u>(4,827,098)</u>
Net cash used in investing activities		<u>(187,888,400)</u>	<u>(4,827,098)</u>
Financing activities			
Loan repayments		(36,056,564)	(54,073,802)
Net cash used in financing activities		<u>(36,056,564)</u>	<u>(54,073,802)</u>
Net increase/(decrease) in cash and cash equivalents		92,713,645	(36,187,547)
Cash and cash equivalents as at 1 January	18a	<u>46,851,742</u>	<u>83,039,289</u>
Cash and cash equivalents as at 31 December	18a	<u>139,565,387</u>	<u>46,851,742</u>

The notes on pages 11 to 35 are an integral part of these financial statements.

BULK OIL STORAGE AND TRANSPORTATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information

The financial statements of Bulk Oil Storage and Transportation Limited ('the Company') for the year ended 31 December 2016 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. The registered address of the Company is Plot No. 12, 1st Dzorzulu Crescent, West Airport Residential Area, Accra.

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

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.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement of complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Going concern

The Company incurred a net loss of GH¢458,638,724 during the year ended 31 December 2016 and as of that date, the Company's total liabilities exceeded its total assets by GH¢167,305,203. The directors acknowledge that the Company may require further funding in order to continue as a going concern and has arranged for such funding from its lenders to enable the Company meet its obligations as they fall due, and continue operations in the foreseeable future. The financial statements have, thus, been prepared on a going concern basis.

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 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 (continued)

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 realisable 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 Distributing Companies (BDCs) which are stored or transmitted by BOST are not included in these financial statements as they are not owned by BOST.

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 (continued)

3. Significant accounting policies (continued)

3.4 Employee benefits

For defined contribution schemes, the Company recognises 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. The 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 statement of financial position 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 the statement of comprehensive income in the period in which they arise. Past service costs are also recognised immediately in the statement of 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.

BULK OIL STORAGE AND TRANSPORTATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES (continued)

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 comprehensive income 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.

BULK OIL STORAGE AND TRANSPORTATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES (continued)

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
Operational equipment	5
Office equipment	20
Furniture and fittings	25
Computer and IT equipment	33.3
Household 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 statement of comprehensive income in the period in which the item is derecognised.

BULK OIL STORAGE AND TRANSPORTATION LIMITED
FINANCIAL STATEMENTS
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NOTES (continued)

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 comprehensive income.

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 prioritises 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 comprehensive income

NOTES (continued)

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 New and amended standards adopted during the year

The Company has applied the following amendments to existing standards for the first time for their annual reporting period commencing 1 January 2016:

The amendments to IAS 1 Presentation of Financial Statements are made in the context of the International Accounting Standards Board's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including:

Amendments to IAS 1 Presentation of Financial Statements

- **Materiality** – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- **Disaggregation and subtotals** – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- **Notes** – confirmation that the notes do not need to be presented in a particular order.
- **OCI arising from investments accounted for under the equity method** – the share of Other Comprehensive Income (OCI) arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/accounting policies are not required for these amendments. The amendments became effective on 1 January 2016. The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

BULK OIL STORAGE AND TRANSPORTATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES (continued)

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. BOST 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 2015 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.

BULK OIL STORAGE AND TRANSPORTATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES (continued)

3. Significant accounting policies (continued)

3.13 Standards issued but not yet effective (continued)

IFRS 9 Financial Instruments

In July 2015, 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.

4 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.

BULK OIL STORAGE AND TRANSPORTATION LIMITED
FINANCIAL STATEMENTS
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NOTES (continued)

5. Revenue

	2016	2015
	GH¢	GH¢
Petrol sales	1,292,128,207	1,038,238,487
Diesel sales	1,026,069,206	976,140,429
LPG sales	215,322,791	42,809,750
Aviation Turbine Kerosene (ATK)	39,026,369	-
Dual Purpose Kerosene (DPK)	3,386,864	-
Crack Fuel Sales	74,092,327	-
Naphthalene Sales	112,396,562	-
Kerosene sales	22,194	-
BOST margin	105,137,017	113,581,054
Storage fees	23,044,359	23,015,934
Loading rack fees	31,657,782	31,950,574
	<u>2,922,283,678</u>	<u>2,225,736,228</u>

6. Cost of sales

	2016	2015
	GH¢	GH¢
Cost of petrol sold	1,347,580,024	924,507,573
Cost of diesel sold	829,271,038	855,009,761
Cost of LPG sold	241,080,142	54,527,237
Cost of kerosene sold (including ATK, DPK, Crack fuel and Naphthalene)	295,202,347	-
Pipeline handling costs	72,247,914	20,563,373
Other maintenance costs	41,027	2,555
Direct operational costs	45,820,886	2,656,356
	<u>2,831,243,378</u>	<u>1,857,266,855</u>

7. Other operating income

	2016	2015
	GH¢	GH¢
Rental income	220,360	44,576
Net exchange gain	27,840,054	-
Marine income	-	709,789
Miscellaneous/Other income	5,306,816	2,262,504
	<u>33,367,230</u>	<u>3,016,869</u>

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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES (continued)

8. Administrative expenses

	2016 GH¢	2015 GH¢
Employee benefits (Note 8a)	29,876,180	20,807,583
Depreciation (Note 13)	56,719,781	52,892,695
Training, welfare and other staff costs	2,504,639	2,538,098
Information technology and other communication costs	2,734,866	1,064,180
Donations	923,773	671,455
Consultancy fees	2,190,397	2,286,629
Auditors remuneration	300,000	220,000
Legal and other professional fees	190,199	879,576
Repairs and maintenance	6,105,794	1,123,297
Insurance	5,127,490	2,490,034
Security	1,572,368	1,837,410
Motor running costs	963,488	769,942
Operating lease, other rentals and rates	3,304,304	2,909,695
Bank charges	22,668,292	27,616,812
Operational maintenance costs	16,727,679	31,558,297
Entertainment costs	134,347	190,781
Utility service costs	1,640,794	351,324
Directors' emoluments	809,197	944,093
Research and development costs	10,987,399	9,771,196
Travelling and transport costs	1,452,780	1,229,204
Advertising, publicity and promotions	81,203	285,406
Office material supplies and other cleaning costs	1,722,222	1,526,284
Provision for doubtful debt	177,294,327	21,162,867
Other administrative expenses	319,902	17,530,577
Seminars and conferences costs	931,746	1,763,173
Other provisions	178,726,797	-
Cash management fees	12,276,426	8,788,365
	<u>538,286,390</u>	<u>213,208,973</u>

8a. Employee benefits comprise:

	2016 GH¢	2015 GH¢
Wages and Salaries	11,867,472	8,923,906
Social Security costs	2,053,525	1,519,699
Allowances	8,420,504	6,617,837
Casual labour	-	330,751
Net benefit expense (Note 22)	126,687	85,235
Gratuity cost and other employee benefits	7,407,992	3,330,155
	<u>29,876,180</u>	<u>20,807,583</u>

BULK OIL STORAGE AND TRANSPORTATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES (continued)

9. Other operating expenses

	2016	2015
	GH¢	GH¢
Voyage expenses	762,633	346,066
Miscellaneous expenses	512,411	16,366
Net Exchange loss	18,864,906	86,384,206
License and permit costs	1,252,438	1,593,739
Fair value loss on investment securities (Note 15)	21,048,176	-
Litigation provision (Note 23)	<u>-</u>	<u>112,849,472</u>
	<u>42,440,564</u>	<u>201,189,849</u>

10. Finance income

	2016	2015
	GH¢	GH¢
Interest income on fixed deposits	<u>1,661,306</u>	<u>2,702,897</u>

11. Finance costs

	2016	2015
	GH¢	GH¢
Interest on borrowings	78,532,978	28,940,896
Trade finance costs	<u>-</u>	<u>889,711</u>
	<u>78,532,978</u>	<u>29,830,607</u>

12. Income tax

12a. Income tax credit

The major components of income tax credit for the years ended 31 December 2016 and 2015 are:

	2016	2015
	GH¢	GH¢
Current income tax charged	-	818,860
Deferred taxes:		
Relating to accelerated depreciation and other temporary difference	<u>(74,552,372)</u>	<u>(34,517,481)</u>
Income tax credit reported in the statement of comprehensive income	<u>(74,552,372)</u>	<u>(33,698,621)</u>

BULK OIL STORAGE AND TRANSPORTATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES (continued)

12b. Effective tax reconciliations

	2016	2015
	GH¢	GH¢
Accounting loss before tax	(533,191,096)	(70,040,290)
Tax at statutory income tax rate of 25% (2015: 25%)	(133,297,774)	(17,510,073)
Non-deductible expenses	50,096,671	-
Income not subject to tax	(55,090)	-
Recognition of previously unrecognised deferred taxes	8,703,821	-
Effect of other timing differences	<u>-</u>	<u>(16,188,548)</u>
At the effective income tax rate	<u>(74,552,372)</u>	<u>(33,698,621)</u>

12c. Corporation tax

Year ended 31 December 2016	Balance as at 1 January GH¢	Charge for the year GH¢	Payments during the year GH¢	Balance as at 31 December GH¢
Up to 2015 2016	220,060	-	-	220,060
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>220,060</u>	<u>-</u>	<u>-</u>	<u>220,060</u>
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¢
Up to 2014	228,355	-	-	228,355
2015	<u>-</u>	<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>

12d. Deferred income tax

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

	2016	2015
	GH¢	GH¢
Accelerated depreciation for tax purposes	194,957,227	202,129,648
Other temporary differences	<u>(107,306,967)</u>	<u>(39,927,016)</u>
Net deferred tax liabilities	<u>87,650,260</u>	<u>162,202,632</u>

The movement on the deferred income tax liability account is as follows:

	2016	2015
	GH¢	GH¢
At 1 January	162,202,632	196,720,113
Credit for the year	<u>(74,552,372)</u>	<u>(34,517,481)</u>
At 31 December	<u>87,650,260</u>	<u>162,202,632</u>

ILK OIL STORAGE AND TRANSPORTATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES (continued)

16. Property, plant and equipment

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	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¢	CWIP Building GH¢	Total GH¢
at 1 January	125,116,098	1,676,741	862,912,078	817,804	1,139,041	473,693	1,912	73,025,000	-	1,065,162,367
additions	44,051,840	944,434	44,229	134,791	45,777	499,755	-	-	29,343,661	75,064,487
at 31 December 2016	169,167,938	2,621,175	862,956,307	952,595	1,184,818	973,448	1,912	73,025,000	29,343,661	1,140,226,855
accumulated depreciation										
at 1 January	1,946,701	577,633	78,892,131	136,202	195,022	126,695	1,912	14,605,000	-	96,481,295
charge for the year	5,004,644	580,642	43,147,075	179,207	290,137	215,576	-	7,302,500	-	56,719,781
at 31 December 2016	6,951,345	1,158,275	122,039,206	315,409	485,159	342,271	1,912	21,907,500	-	153,201,076
net book Value - at 31 December 2016	162,216,593	1,462,900	740,917,101	637,186	699,659	631,178	-	51,117,500	29,343,661	987,025,778
net book Value - at 31 December 2015	123,169,397	1,099,108	784,019,947	681,602	944,019	346,998	-	58,420,000	-	968,681,072

No borrowing cost was capitalised during the year (2015: Nil)
 No property, plant and equipment has been used as collaterals for any borrowings held as at the reporting date.

JLK OIL STORAGE AND TRANSPORTATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES (continued)

15. Property, plant and equipment

	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¢
at 1 January	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
at 31 December	125,116,098	1,676,741	862,912,078	817,804	1,139,041	473,693	1,912	73,025,000	1,065,162,367
Accumulated depreciation									
at 1 January	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	95,733	616	7,302,500	52,892,695
at 31 December	1,946,701	577,633	78,892,131	136,202	195,022	126,695	1,912	14,605,000	96,481,295
Net book Value - at 31 December 2015	123,169,397	1,099,108	784,019,947	681,602	944,019	346,998	-	58,420,000	968,681,072
Net book Value - at 31 December 2016	124,901,669	1,165,714	824,122,777	443,648	204,625	185,182	554	65,722,500	1,016,746,669

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FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES (continued)

14. Intangible assets

	2016 GH¢	2015 GH¢
Cost		
At 1 January	-	-
Additions	<u>5,565,848</u>	-
At 31 December	<u>5,565,848</u>	-
Accumulated Amortisation		
At 1 January	-	-
Charge for the year	-	-
At 31 December	-	-
Net book amount at 31 December	<u>5,565,848</u>	-

No amortisation charges are recognised for the year ended 31 December 2016 as the asset remains a work in progress.

15. Equity securities

	2016 GH¢	2015 GH¢
Purchase of investment securities	<u>107,258,065</u>	-
Fair value loss on investment securities	<u>(21,048,176)</u>	-
Fair Value as at 31 December	<u>86,209,889</u>	-

Long term investment relates to shares acquired in GOIL by BOST. Management's intention is to hold this investment for long-term strategic purposes.

16. Inventories

	2016 GH¢	2015 GH¢
Diesel	204,348,701	244,286,472
Petrol	176,570,711	56,716,920
Kerosene	44,223,563	1,947,956
LPG	379,938	1,308,718
Crack fuel	38,892,230	-
ATK/DPK	15,193,750	-
Crude oil	247,084,972	-
Residue	<u>35,229,382</u>	-
	<u>761,923,247</u>	<u>304,260,066</u>

BULK OIL STORAGE AND TRANSPORTATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES (continued)

17. Trade accounts and other receivables

	2016	2015
	GH¢	GH¢
Trade accounts receivables	564,141,317	688,614,652
Provision for doubtful debts	(188,816,065)	(11,521,738)
	375,325,252	677,092,915
Other receivables	2,652,751	3,412,078
Staff receivables	-	274,736
Prepayments	656,559	2,278,339
Treasury bills and fixed deposits with banks	<u>616,691</u>	<u>4,775,572</u>
	<u>379,251,253</u>	<u>687,833,640</u>

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

Trade accounts 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 prepayments) approximate their fair value due to their short-term nature.

18. Cash and bank balances

	2016	2015
	GH¢	GH¢
Bank balances	<u>138,948,696</u>	<u>42,076,170</u>

18a. Cash and cash equivalents

	2016	2015
	GH¢	GH¢
Bank balances (Note 18)	138,948,696	42,076,170
Fixed deposits with banks (Note 17)	<u>616,691</u>	<u>4,775,572</u>
	<u>139,565,387</u>	<u>46,851,742</u>

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NOTES (continued)

19. Stated capital

	2016	2016	2015	2015
	Number issued	Amount GH¢	Number issued	Amount 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.

20. Loans and borrowings

	2016	2015
	GH¢	GH¢
Standard Chartered Bank Limited	215,698,902	234,719,332
EX-IM Bank - US	249,997,322	249,997,321
Ghana Commercial Bank	<u>69,262,035</u>	<u>86,298,170</u>
	<u>534,958,259</u>	<u>571,014,823</u>
Current portion	198,048,641	59,822,011
Non-current portion	<u>336,909,618</u>	<u>511,192,812</u>
Total	<u>534,958,259</u>	<u>571,014,823</u>

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NOTES (continued)

20. Loans and borrowings (continued)

Loans from Standard Chartered bank Limited is 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.

21. Trade accounts and other payable

	2016	2015
	GH¢	GH¢
Trade accounts payable	1,394,988,930	696,805,478
Other accounts payable	300,858,233	41,020,247
Accrued expenses	68,678,500	2,592,667
Staff creditors	203,790	85,555
Settlement by Government on behalf of the Company	<u>-</u>	<u>99,030,770</u>
	<u>1,764,729,453</u>	<u>839,534,717</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.

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NOTES (continued)

22. Employee benefit obligations

	2016	2015
	GH¢	GH¢
Long service awards as at 1 January	451,638	366,403
Changes in actuarial assumptions	(37,665)	6,520
Interest cost	102,838	31,667
Current service costs	<u>61,514</u>	<u>47,048</u>
Long service awards as at 31 December	<u>578,325</u>	<u>451,638</u>

Employee benefit obligation relates to the Company's policy of awarding long standing employees for serving the company for ten years and five years thereafter till 25 years of service.

Net benefit expense recognised in the statement of comprehensive income in relation to other long term employee benefits are as follows:

	2016	2015
	GH¢	GH¢
Changes in actuarial assumptions	(37,665)	6,520
Interest cost	102,838	31,667
Current service costs	<u>61,514</u>	<u>47,048</u>
	<u>126,687</u>	<u>85,235</u>

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NOTES (continued)

22. 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.

	2016	2015
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.

23. Provisions

	Litigation provisions	Provision for stock owed to BDCs	Total
	GH¢	GH¢	GH¢
As at 1 January 2016	112,849,473	25,244,084	138,093,557
Arising during the year	-	-	-
As at 31 December 2016	<u>112,849,473</u>	<u>25,244,084</u>	<u>138,093,557</u>
As at 1 January 2015	-	25,244,084	25,244,084
Arising during the year	<u>112,849,473</u>	-	<u>112,849,473</u>
As at 31 December 2015	<u>112,849,473</u>	<u>25,244,084</u>	<u>138,093,557</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. Thus the most likely outcome method was applied 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.

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NOTES (continued)

24. 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.

25. 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).

26. 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.

Price risk

The Company's exposure to equity securities price risk arises from investment securities held by the Company. These investment securities are measured at fair value through profit or loss. These investment securities are publicly traded on the Ghana Stock Exchange.

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 2016, if the Ghana cedi had weakened by 11% (2015:17%) against the United States Dollar with all other variables held constant, post-tax loss for the year would have been GH¢15,567,139 (2015: GH¢60,998,350) lower/higher mainly as a result of cash and bank balances and borrowings denominated in United States Dollars.

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NOTES (continued)

26. 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 16, (trade and other receivable excluding prepayment). The fair value of these financial assets approximates 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 operated in the downstream oil sectors or are Government of Ghana related entities.

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 2016	Within 1 year GH¢	1 to 5 years GH¢	Total GH¢
Borrowings	198,048,641	336,909,618	534,958,259
Trade accounts and other payable	<u>1,764,729,453</u>	-	<u>1,764,729,453</u>
	<u>1,962,778,094</u>	<u>336,909,618</u>	<u>2,299,687,712</u>

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NOTES (continued)

26. Financial risk management objectives and policies (continued)

Year ended 31 December 2015	Within 1 year GH¢	1 to 5 years GH¢	Total GH¢
Borrowings	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>

27. Related party disclosures

The Company is solely owned by the Government of Ghana.

Compensation of those charged with governance

	2016 GH¢	2015 GH¢
Directors emolument	<u>809,917</u>	<u>944,093</u>

28. 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 Company's investment securities (Note 15) are measured using quoted prices on the Ghana Stock Exchange.

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NOTES (continued)

29. 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.

30. Contingent liabilities

Legal claim contingency

There were no new claims against the Company concerning non-payment of fees regarding product losses during the year ended 31 December 2016 (2015: GH¢76,947,931).

Tax exposure

There was a contingent liability of GH¢47,404,201 in respect of possible tax exposure as a result of tax audit performed by Ghana Revenue Authority for 2000 to 2016 years of assessment. The Company objected to the tax exposure and has not yet received a final response from Ghana Revenue Authority.

31. Capital commitments

The Company had no capital commitments at 31 December 2016. (2015: Nil).