BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

TABLE OF CONTENT

CORPORATE INFORMATION

DIRECTORS	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 Afutu Nartey	Member
	Mr. John Kweku Akyene Duncan	Member
	Mr. Nana Yaw Owusu Akwanuasa	Member
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	Joyce Agyeman Attafuah H/No. 13B, Odoko Lane Ashongman 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	

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 Company Limited ('the Company' or 'BOST') to the members of the Company for the year ended 31 December 2017.

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 2017. 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 2017 are set out on page 8.

FOR THE YEAR ENDED 31 DECEMBER 2017

REPORT OF THE DIRECTORS (continued)

Directors in office

The directors who held office during the year and up to the date of this report are as follows.

Name of director	Designation	Tenure
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
Mr. Ekow Hackman	Chairman	Appointed on 31 October 2018
Mr. Edwin Alfred Provencal	Managing Director	Appointed on 26 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 30 August 2017
Mr. Desmond Afutu 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. Alfred Boateng Obeng	Managing Director	Appointed on 30 August 2017 and resigned on 11 June 2018
Mrs. Angelina Baiden-Amissah	Member	Appointed on 30 August 2017 and resigned on 31 October 2018
Dr. Kwame Achampong-Kyei	Chairman	Appointed on 30 August 2017 and resigned on 31 October 2018
Mr. Alex Tetteh Djornobuah	Member	Appointed on 30 August 2017 and resigned on 25 July 2019
Mr George Mensah Okley	Managing Director	Appointed on 11 June 2018 and resigned on 26 August 2019

Dividend

The directors do not recommend the payment of a dividend for the year ended 31 December 2017.

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: 23/01/2020

EDWIN PROVENCAL

....
Director:

Date: 23/01/2020

EKOW HACKMAN

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BULK OIL STORAGE AND TRANSPORTATION COMPANY 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 Company Limited (the "Company") as at 31 December 2017, 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 Company Limited for the year ended 31 December 2017.

The financial statements on pages 8 to 37 comprise:

- the statement of financial position as at 31 December 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

Key audit matters

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

Key audit matters (continued)

Provision for doubtful debts – GH¢238.9 million	
Gross trade accounts and other receivable as at 31 December 2017 amount to GH¢359.44 million of which a provision for doubtful debts of GH¢238.9 million has been recognised. We consider provision for doubtful debts as a key audit matter because there are significant judgements made by management in assessing the recoverability of trade accounts and other receivables. The key assumptions in determining future cash flows include assessing current and future payment profiles of customers. Management performs an assessment of the ability of the customers to settle their outstanding debts in accordance with the agreed credit terms. The impairment assessment review is performed at each reporting date and establishes a provision for all receivable balances identified as impaired. The gross trade receivables and related provision for doubtful debts are disclosed in note 17 to the financial statements. The basis of the provisions and critical judgements relating to the provision for doubtful debts is disclosed in note 3.14 in the notes to the financial statements.	We updated our understanding and tested the operating effectiveness of management's controls over the trade receivables process. We circularised selected trade receivables amounts to determine the existence of debtor balances. We assessed the appropriateness and reasonableness of the projected future cash flows by comparing them against historical customer payment trends and the most recent repayment behaviour of customers. We tested subsequent receipts from selected debtors to assess the recoverability of debtors at the year end. We assessed the appropriateness and completeness of the related disclosures made in the financial statements.

Other information

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

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

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

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

Responsibilities of the directors for the financial statements

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

REPORT ON OTHER LEGAL 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 (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/2020/028)

Chartered Accountants

Accra, Ghana

27 February 2020

STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2017 GH¢	2016 GH¢
Revenue	5	1,801,295,256	2,922,283,678
Cost of sales	6	(2,044,106,775)	(2,831,243,378)
Gross (loss)/profit		(242,811,519)	91,040,300
Other operating income	7	400,593,014	33,367,230
Administrative expenses	8	(190,602,050)	(538,286,390)
Other operating expenses	9	(33,817,651)	(42,440,564)
Operating loss		(66,638,206)	(456,319,424)
Finance income	10	11,073,567	1,661,306
Finance costs	11	(56,631,892)	(78,532,978)
Loss before income tax		(112,196,531)	(533,191,096)
Income tax credit	12	32,858,415	74,552,372
Loss for the year		(79,338,116)	(458,638,724)
Other comprehensive income		-	-
Total comprehensive income for the year-(loss)		(79,338,116)	(458,638,724)

The notes on pages 12 to 37 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2017 GH¢	2016 GH¢
Non-current assets			
Property, plant and equipment	13	930,256,710	987,025,778
Intangible assets	14	9,694,562	5,565,848
Investment securities	15	210,822,364	86,209,889
Total non-current assets		1,150,773,636	1,078,801,515
Current assets			
Inventories	16	203,289,226	761,923,247
Trade and other receivables	17	130,091,024	379,251,253
Cash and bank balances	18	86,486,092	138,948,696
Total current assets		419,866,342	1,280,123,196
Total assets		1,570,639,978	2,358,924,711
Equity			
Stated capital	19	500,000	500,000
Other reserves	24	43,356,215	43,356,215
Retained earnings		(290,499,534)	(211,161,418)
Total equity		(246,643,319)	(167,305,203)
Non-current liabilities			
Loans and borrowings	20	755,607,885	336,909,618
Deferred tax liability	12(d)	54,791,845	87,650,260
Total non-current liabilities		810,399,730	424,559,878
Current Liabilities			
Loans and borrowings	20	85,730,087	198,048,641
Trade and other payables	21	806,023,208	1,764,729,453
Taxation	12(c)	220,060	220,060
Employee benefits obligation	22	768,991	578,325
Provisions	23	114,141,221	138,093,557
Total current liabilities		1,006,883,567	2,101,670,036
Total liabilities		1,817,283,297	2,526,229,914
Total equity and liabilities		1,570,639,978	2,358,924,711

The notes on pages 12 to 37 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: 23/01/2020

Date:

Director:

Date: 23/01/2020

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017	Stated capital GH¢	Other reserves GH¢	Retained earnings GH¢	Total GH¢
As at 1 January 2017	500,000	43,356,215	(211,161,418)	(167,305,203)
Loss for the year	-	-	(79,338,116)	(79,338,116)
Total comprehensive income	-	-	(79,338,116)	(79,338,116)
As at 31 December 2017	500,000	43,356,215	(290,499,534)	(246,643,319)
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	-	-	(458,638,724)	(458,638,724)
Total comprehensive income	-	-	(458,638,724)	(458,638,724)
As at 31 December 2016	500,000	43,356,215	(211,161,418)	(167,305,203)

The notes on pages 12 to 37 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2017 GH¢	2016 GH¢
Operating activities			
Loss before tax		(112,196,531)	(533,191,096)
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation charge		59,068,376	56,719,781
Fair value (gain)/loss	15	(124,612,475)	21,048,176
Finance income	10	(11,073,567)	(1,661,306)
Other adjustment		(63,001,162)	-
Exchange loss on borrowings	9	3,830,000	-
Finance cost		56,631,892	78,532,978
Operating loss before working capital changes		(191,353,467)	(378,551,467)
Working capital adjustments:			
Decrease/(increase) in inventories		558,634,021	(457,663,181)
Decrease in trade and other receivables (excluding treasury bills and fixed deposits with banks)		248,543,538	304,423,506
(Decrease)/increase in trade and other payables		(958,706,245)	925,194,736
Increase in employee benefit obligations		190,666	126,687
Decrease in provisions		(23,952,336)	-
Cash (used in)/generated from operations		(366,643,823)	393,530,281
Interest received	10	11,073,567	1,661,306
Interest paid		(52,367,280)	(78,532,978)
Net cash (used in)/generated from operating activities		(407,937,536)	316,658,609
Investing activities			
Purchase of equity securities	15	-	(107,258,065)
Purchase of intangible assets	14	(4,469,278)	(5,565,848)
Purchases of property, plant and equipment	13	(1,958,744)	(75,064,487)
Net cash used in investing activities		(6,428,022)	(187,888,400)
Financing activities			
Loan drawdowns		648,468,103	-
Loan repayments		(287,181,840)	(36,056,564)
Net cash generated from/(used in) financing activities		361,286,263	(36,056,564)
Net (decrease)/increase in cash and cash equivalents		(53,079,295)	92,713,645
Cash and cash equivalents as at 1 January	18a	139,565,387	46,851,742
Cash and cash equivalents as at 31 December	18a	86,486,092	139,565,387

The notes on pages 12 to 37 are an integral part of these financial statements.

NOTES

1. Corporate information

The financial statements of Bulk Oil Storage and Transportation Company Limited ('the Company') for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Directors. Bulk Oil Storage and Transportation Company 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 Dzorwulu 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 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and the requirement of the Companies Act, 1963 (Act 179). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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

The directors do not have the ability to amend the audited financial statements after issue.

Going concern

The Company incurred a net loss of GH¢79,338,116 during the year ended 31 December 2017 and as of that date, the Company's total liabilities exceeded its total assets by GH¢246,643,319. 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 shareholder 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

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

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.

NOTES (continued)

3. Significant accounting policies (continued)

3.1 Revenue (continued)

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.

3.2 Current versus non-current classification

Bulk Oil Storage and Transportation Company 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 Company 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 Trade and other receivables

Trade receivables are amounts due from customers for products sold in the ordinary course of business.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

Prepayments are recognised originally at cost and subsequently at cost less amortisation over the period.

3.5 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.

3.6 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.

3.7 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 (continued)

3. Significant accounting policies (continued)

3.8 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.

3.9 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.

3.10 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 (continued)

3. Significant accounting policies (continued)

3.11 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.

NOTES (continued)

3. Significant accounting policies (continued)

3.12 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.
Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying values of intangible assets are reviewed for indications of impairment annually, or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

An intangible asset 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 intangible asset (calculated as the difference between the net disposal proceeds and the carrying amount of the intangible asset) is included in profit or loss when the intangible asset is derecognised.

Intangible assets with finite lives are amortised over the useful economic life, which does not exceed three years. Useful lives and methods of amortisation for intangible assets are reviewed, and adjusted if appropriate, at each financial year end.

3.13 Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

3.14 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.

NOTES (continued)

3. Significant accounting policies (continued)

3.14 Financial instruments (continued)

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

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 Company Limited'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.

Impairment of financial asset

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

NOTES (continued)

3. Significant accounting policies (continued)

3.14 Financial instruments (continued)

Impairment of financial asset (continued)

For the Company's loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

3.15 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 2017:

Amendments to IAS 12 Income Taxes

In January 2017, 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.

Amendments to IAS 7 Statement of Cash Flows

In January 2017, 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.

NOTES (continued)

3. Significant accounting policies (continued)

3.16 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.

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 2017.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 2016 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.

IFRS 9 Financial Instruments

In July 2016, 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 2016. 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 (continued)

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.

NOTES (continued)

5. Revenue

	2017	2016
	GH¢	GH¢
Petrol sales	497,427,788	1,292,128,207
Diesel sales	589,330,066	1,026,069,206
LPG sales	35,601,112	215,322,791
Aviation Turbine Kerosene (ATK)	12,798,071	39,026,369
Dual Purpose Kerosene (DPK)	21,560,725	3,386,864
Crack Fuel Sales	26,052,712	74,092,327
Naphthalene Sales	487,462,254	112,396,562
Kerosene sales	-	22,194
BOST margin	97,274,318	105,137,017
Storage fees	14,847,645	23,044,359
Loading rack fees	18,940,565	31,657,782
	1,801,295,256	2,922,283,678

6. Cost of sales

	2017	2016
	GH¢	GH¢
Cost of petrol sold	593,934,431	1,347,580,024
Cost of diesel sold	563,343,938	829,271,038
Cost of LPG sold	24,044,334	241,080,142
Cost of kerosene sold (including ATK, DPK, Crack fuel and Naphthalene)	648,743,310	295,202,347
Pipeline handling costs	169,347,062	72,247,914
Other maintenance costs	-	41,027
Direct operational costs	44,693,700	45,820,886
	2,044,106,775	2,831,243,378

7. Other operating income

	2017	2016
	GH¢	GH¢
Rental income	160,600	220,360
FV gain on investment securities (Note 15)	124,612,475	-
Net exchange gain	2,136,873	27,840,054
Sundry income	155,383,243	-
Miscellaneous/Other income	118,299,823	5,306,816
	400,593,014	33,367,230

NOTES (continued)

8. Administrative expenses

	2017	2016
	GH¢	GH¢
Employee benefits (Note 8a)	34,524,720	29,876,180
Depreciation (Note 13)	58,727,812	56,719,781
Amortisation (Note 14)	340,564	-
Training, welfare and other staff costs	2,948,903	2,504,639
Information technology and other communication costs	2,155,691	2,734,866
Donations	1,617,226	923,773
Consultancy fees	1,166,535	2,190,397
Auditors remuneration	300,000	300,000
Legal and other professional fees	638,493	190,199
Repairs and maintenance	287,163	6,105,794
Insurance	5,049,067	5,127,490
Security	1,497,578	1,572,368
Motor running costs	272,521	963,488
Operating lease, other rentals and rates	2,131,622	3,304,304
Bank charges	12,333,167	22,668,292
Operational maintenance costs	9,824,033	16,727,679
Entertainment costs	17,792	134,347
Utility service costs	3,049,543	1,640,794
Directors' emoluments	624,930	809,197
Research and development costs	659,420	10,987,399
Travelling and transport costs	589,035	1,452,780
Advertising, publicity and promotions	127,175	81,203
Office material supplies and other cleaning costs	1,259,730	1,722,222
Provision for doubtful debt	50,080,205	177,294,327
Other administrative expenses	109,879	319,902
Seminars and conferences costs	269,246	931,746
Other provisions	-	178,726,797
Cash management fees	-	12,276,426
	190,602,050	538,286,390

8a. Employee benefits comprise:

	2017	2016
	GH¢	GH¢
Wages and Salaries	13,440,535	11,867,472
Social Security costs	2,502,830	2,053,525
Allowances	13,317,595	8,420,504
Casual labour	10,235	-
Net benefit expense (Note 22)	190,666	126,687
Gratuity cost and other employee benefits	5,062,859	7,407,992
	34,524,720	29,876,180

NOTES (continued)

9. Other operating expenses

	2017	2016
	GH¢	GH¢
Voyage expenses	7,460,472	762,633
Product settlement expenses	17,840,000	512,411
Net Exchange loss	2,754,806	18,864,906
Exchange loss on borrowings	3,830,000	-
License and permit costs	1,509,313	1,252,438
Taxes	423,060	-
Fair value loss on investment securities (Note 15)	-	21,048,176
	33,817,651	42,440,564

10. Finance income

	2017	2016
	GH¢	GH¢
Interest income on fixed deposits	11,073,567	1,661,306

11. Finance costs

	2017	2016
	GH¢	GH¢
Interest on borrowings	52,371,892	78,532,978

12. Income tax

12a. Income tax credit

The major components of income tax charge/(credit) for the years ended 31 December 2017 and 2016 are:

	2017	2016
	GH¢	GH¢
Current income tax charged	-	-
Deferred taxes:		
Relating to accelerated depreciation and other temporary difference	(32,858,415)	(74,552,372)
Income tax charge/(credit) reported in the statement of comprehensive income	(32,858,415)	(74,552,372)

NOTES (continued)

12. Income tax (continued)

12b. Effective tax reconciliations

	2017 GH¢	2016 GH¢
Accounting loss before tax	(112,196,531)	(533,191,096)
Tax at statutory income tax rate of 25% (2016: 25%)	(28,049,133)	(133,297,774)
Non-deductible expenses	519,001	50,096,671
Income not subject to tax	-	(55,090)
Recognition of previously unrecognised deferred taxes	2,911,177	8,703,821
Effect of other timing differences	(8,239,460)	-
At the effective income tax rate	(32,858,415)	(74,552,372)

12c. Corporation tax

Year ended 31 December 2017	Balance as at 1 January GH¢	Charge for the year GH¢	Payments during the year GH¢	Balance as at 31 December GH¢
Up to 2016	220,060	-	-	220,060
2017	-	-	-	-
Total	220,060	-	-	220,060

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	220,060	-	-	220,060
2016	-	-	-	-
Total	220,060	-	-	220,060

12d. Deferred income tax

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

	2017 GH¢	2016 GH¢
Accelerated depreciation for tax purposes	187,486,248	194,957,227
Other temporary differences	(88,451,622)	(75,578,448)
Tax losses	(44,242,781)	(31,728,519)
Net deferred tax liabilities	54,791,845	87,650,260

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

	2017 GH¢	2016 GH¢
At 1 January	87,650,260	162,202,632
Credit for the year	(32,858,415)	(74,552,372)
At 31 December	54,791,845	87,650,260

NOTES (continued)

13. Property, plant and equipment

2017

	Land and buildings	Motor vehicles	Operational equipment	Office equipment	Furniture & fittings	Computers & IT equipment	Household equipment	Marine equipment	CWIP Building	Total
Cost	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
As at 1 January 2017	169,167,938	2,621,175	862,956,307	952,595	1,184,818	973,449	1,912	73,025,000	29,343,661	1,140,226,855
Additions	50,505	-	301,675	70,930	53,022	184,923	-	-	1,297,689	1,958,744
As at 31 December 2017	169,218,443	2,621,175	863,257,982	1,023,525	1,237,840	1,158,372	1,912	73,025,000	30,641,350	1,142,185,599
Accumulated Depreciation										
As at 1 January 2017	6,951,345	1,158,275	122,039,206	315,409	485,159	342,271	1,912	21,907,500	-	153,201,077
Charge for the year	6,766,795	655,294	43,155,357	194,238	302,941	350,687	-	7,302,500	-	58,727,812
As at 31 December 2017	13,718,140	1,813,569	165,194,563	509,647	788,100	692,958	1,912	29,210,000	-	211,928,889
Net book Value - As at 31 December 2017	155,500,303	807,606	698,063,419	513,878	449,740	465,414	-	43,815,000	30,641,350	930,256,710
Net book Value - As 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

No borrowing cost was capitalised during the year (2016: Nil)
No property, plant and equipment has been used as collaterals for any borrowings held as at the reporting date.

NOTES (continued)

13. Property, plant and equipment

2016

	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¢
Cost										
As at 1 January 2016	125,116,098	1,676,741	862,912,078	817,804	1,139,041	473,694	1,912	73,025,000	-	1,065,162,368
Additions	44,051,840	944,434	44,229	134,791	45,777	499,755	-	-	29,343,661	75,064,487
As at 31 December 2016	169,167,938	2,621,175	862,956,307	952,595	1,184,818	973,449	1,912	73,025,000	29,343,661	1,140,226,855
Accumulated Depreciation										
As at 1 January 2016	1,946,701	577,633	78,892,131	136,202	195,022	126,695	1,912	14,605,000	-	96,481,296
Charge for the year	5,004,644	580,642	43,147,075	179,207	290,137	215,576	-	7,302,500	-	56,719,781
As at 31 December 2016	6,951,345	1,158,275	122,039,206	315,409	485,159	342,271	1,912	21,907,500	-	153,201,077
Net book Value - As 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 - As 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

NOTES (continued)

14. Intangible assets

	2017 GH¢	2016 GH¢
Cost		
At 1 January	5,565,848	-
Additions	4,469,278	5,565,848
At 31 December	10,035,126	5,565,848
Accumulated Amortisation		
At 1 January	-	-
Charge for the year	340,564	-
At 31 December	340,564	-
Net book amount at 31 December	9,694,562	5,565,848

15. Investment securities

	2017 GH¢	2016 GH¢
At 1 January	86,209,889	-
Purchase of investment securities	-	107,258,065
Fair value gains/(loss) on investment securities	124,612,475	(21,048,176)
Fair Value as at 31 December	210,822,364	86,209,889

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

	2017 GH¢	2016 GH¢
Diesel	69,282,789	204,348,701
Petrol	45,232,833	176,570,711
Kerosene	18,900,741	44,223,563
LPG	-	379,938
Crack fuel	1,767,489	38,892,230
ATK/DPK	89,609	15,193,750
Crude oil	13,831,232	247,084,972
Residue	54,184,533	35,229,382
	203,289,226	761,923,247

NOTES (continued)

17. Trade accounts and other receivables

	2017	2016
	GH¢	GH¢
Trade accounts receivables	359,444,122	564,141,317
Provision for doubtful debts	(238,896,270)	(188,816,065)
	120,547,852	375,325,252
Other receivables	5,193,661	2,652,751
Prepayments	1,170,435	656,559
Treasury bills and fixed deposits with banks	3,179,076	616,691
	130,091,024	379,251,253

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.

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

	2017	2016
	GH¢	GH¢
Bank balances	86,486,092	138,948,696

18a. Cash and cash equivalents

	2017	2016
	GH¢	GH¢
Cash and bank balances (Note 18)	86,486,092	138,948,696
Fixed deposits with banks (Note 17)	3,179,076	616,691
	89,665,168	139,565,387

NOTES (continued)

19. Stated capital

The number of authorised shares of the Company is 1,000,000 ordinary shares of no par value of which the following have been issued for cash consideration.

	2017 Number Issued	2017 Amount GH¢	2016 Number issued	2016 Amount GH¢
Issued for cash consideration	1,000,000	500,000	1,000,000	500,000

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

20. Loans and borrowings

	2017 GH¢	2016 GH¢
Standard Chartered Bank Limited	128,667,440	215,698,902
EX-IM Bank - US	186,996,162	249,997,322
Ghana Commercial Bank	44,266,820	69,262,035
Fidelity	39,837,550	-
GNPC/LITASCO Loan	441,570,000	-
	841,337,972	534,958,259
Current portion	85,730,087	198,048,641
Non-current portion	755,607,885	336,909,618
Total	841,337,972	534,958,259

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$109.54 milloon
Citibank N.A.	US$13.9 million

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

	2017 GH¢	2016 GH¢
Trade accounts payable	647,090,220	1,394,988,930
Other accounts payable	90,001,274	300,858,233
Accrued expenses	68,906,003	68,678,500
Staff creditors	16,711	203,790
Settlement by Government on behalf of the Company	-	-
	806,023,208	1,764,729,453

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.

NOTES (continued)

22. Employee benefit obligations

	2017 GH¢	2016 GH¢
Long service awards as at 1 January	578,325	451,638
Changes in actuarial assumptions	(21,318)	(37,665)
Interest cost	131,684	102,838
Current service costs	80,300	61,514
Long service awards as at 31 December	768,991	578,325

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:

	2017 GH¢	2016 GH¢
Changes in actuarial assumptions	(21,318)	(37,665)
Interest cost	131,684	102,838
Current service costs	80,300	61,514
	190,666	126,687

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.

	2017	2016
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 2017	112,849,473	25,244,084	138,093,557
Arising during the year	(43,295,899)	19,343,563	(23,952,336)
As at 31 December 2017	69,553,574	44,587,647	114,141,221
As at 1 January 2016	112,849,473	25,244,084	138,093,557
Arising during the year	-	-	-
As at 31 December 2016	112,849,473	25,244,084	138,093,557

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.

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 2017, if the Ghana cedi had weakened by 11% (2016:11%) against the United States Dollar with all other variables held constant, post-tax loss for the year would have been GH¢11,973,850 (2016: GH¢15,567,139) lower/higher mainly as a result of cash and bank balances and borrowings denominated in United States Dollars.

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 2017

	Within 1 year GH¢	1 to 5 years GH¢	Total GH¢
Borrowings	85,730,087	755,607,885	841,337,972
Trade accounts and other payable	806,023,208	-	806,023,208
	891,753,295	755,607,885	1,647,361,180

NOTES (continued)

26. Financial risk management objectives and policies (continued)

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	1,764,729,453	-	1,764,729,453
	1,962,778,094	336,909,618	2,299,687,712

27. Related party disclosures

The Company is solely owned by the Government of Ghana.

Compensation of those charged with governance

	2017 GH¢	2016 GH¢
Directors emolument	624,930	809,917

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.

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 2017 (2016: Nil).

Tax exposure

There was a contingent liability of GH¢147,404,201 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 2017. (2016: Nil).