



**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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ANNUAL REPORT AND FINANCIAL STATEMENTS  
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<b>TABLE OF CONTENT</b>	<b>PAGE(S)</b>
<b>CORPORATE INFORMATION</b>	<b>1</b>
<b>REPORT OF THE DIRECTORS</b>	<b>2 - 3</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>4 - 7</b>
<b>FINANCIAL STATEMENTS:</b>	
<b>STATEMENT OF COMPREHENSIVE INCOME</b>	<b>8</b>
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>9</b>
<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>10</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>11</b>
<b>NOTES</b>	<b>12-41</b>

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**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**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
Dr. Desmond Afutu Nartey	Member
Mr. John Kweku Akyene Duncan	Member
Mr. Nana Yaw Owusu Akwanuasa	Member

**REGISTERED OFFICE**

Plot No. 12  
1<sup>st</sup> Dzorwulu Crescent  
West Airport Residential Area  
Accra, Ghana

**AUDITOR**

Ghana Audit Service  
MB Box 96  
Ministries  
Accra, Ghana

**COMPANY SECRETARY**

William Kofi Owusu Demitia  
No. 8 Omai Close  
Dzorwulu  
Accra, Ghana

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**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 2020.

**Statement of directors' responsibilities**

The Companies Act, 2019 (Act 992) 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 these financial statements, the directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent, followed International Financial Reporting Standards and complied with the requirements of the Companies Act, 2019 (Act 992).

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. 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 to 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 2020 are set out on page.

**Corporate social responsibilities**

The Company did not engage in corporate social responsibility activities during the year.

**Capacity building of directors**

The Company ensures that only fit and proper persons are appointed to the Board. Relevant training and capacity building programs are put in place to enable the directors discharge their duties.

**Directors interest**

There were no entries in the interests register during the year.

**Auditor**

Audit fee for the year ended 31 December 2020 agreed is GH¢ 244,000.

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**REPORT OF THE DIRECTORS (continued)**

**Directors in office**

The directors who held office during the year are as follows:

<b>Name of director</b>	<b>Designation</b>	<b>Tenure</b>
Mr. Ekow Hackman	Chairman	Appointed on 16 October 2018
Mr. Edwin Alfred Provencal	Managing Director	Appointed on 26 August 2019
Mrs. Comfort Aniagyei	Member	Appointed on 16 October 2018
Mrs. Joyce Agyeman Attafuah	Member	Appointed on 06 September 2017
Mr. Kamal – Deen Abdulai	Member	Appointed on 6 September 2017
Mrs. Francisca Aba Addison	Member	Appointed on 25 July 2019
Dr. Desmond Afutu Nartey	Member	Appointed on 6 September 2017
Mr. John Kweku Akyene Duncan	Member	Appointed on 6 September 2017
Mr. Nana Yaw Owusu Akwanuasa	Member	Appointed on 6 September 2017

**Dividend**

The directors do not recommend the payment of a dividend for the year ended 31 December 2020.

**Going concern**

The directors 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:**

Name of Director: *Ekow Hackman*

Signature: 

Name of Director: *Edwin A. Provencal*

Signature: 



## **Bulk Oil Storage and Transportation Company Limited**

*Independent Auditor's Report to the Members of Bulk Oil Storage and  
Transportation Company Limited*

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### **Report on the Audit of the Bulk Oil Storage and Transportation Company Limited's Financial Statements**

#### **Opinion**

We have audited the financial statements of Bulk Oil Storage and Transportation Company Limited set out on pages 1 to 42, which comprise the statement of financial position as at 31 December 2020, and the statements of profit or loss and other comprehensive income, statement of changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, the financial position of the Company for the year ended 31st December, 2020, and its profit or loss and other comprehensive income, and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS), the requirement of the Companies Act 2019 (Act 992) and the Public Financial Management Act, 2016 (Act 921).

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards for Supreme Audit Institutions. 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 are independent of the Bulk Oil Storage and Transportation Company Limited in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to our audit of the financial statements in Ghana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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the Directors' Report as required by the Companies Act, 2019 (Act 992), 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 thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report on in this regard.

***Responsibilities of the Board of Directors for the Financial Statements***

The Company's Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the provisions required in the Companies Act 2019 (Act 992), Public Financial Management Act of 2016 (Act 921) and its enabling Regulations of 2019 (L.I. 2378) as well as the applicable accounting standards, and for such internal control as the Company determines its necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing its 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 Board either intends to liquidate Bulk Oil Storage and Transportation Company Limited or to cease operations, or has no realistic alternative but to do so.

The Board is 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 International Standards for Supreme Audit Institutions, which is consistent with the Fundamental Auditing Principles (ISSAIs 100-999) of the International Standards for Supreme Audit Institutions, 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.

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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As part of an audit in accordance with International Standards for Supreme Audit Institutions, which is consistent with the Fundamental Auditing Principles (ISSAIs 100-999) of the International Standards for Supreme Audit Institutions, we exercise 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 controls.
- Obtain an understanding of internal controls relevant to the audit 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 uses and the reasonableness of accounting estimates and related disclosures made by the Board;
- Conclude on the appropriateness of the Board's 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 Bulk Oil Storage and Transportation Company Limited'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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Company audit. We remain solely responsible for our audit opinion.



**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

***Report on other legal and Regulatory Requirements***

The Companies Act, 2019 (Act 992) requires that in carrying out our audit, we consider and report on the following matters. We confirm that;

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. in our opinion proper books of account have been kept by the Company and its Subsidiaries, so far as appears from our examination of those books; and
- iii. the Company's balance sheet (included in the Statement of Financial Position) and Profit and loss account (included in the Statement of Comprehensive Income) agree with the books of account.



**JOHN GODFRED KOJO ADDISON  
DEPUTY AUDITOR-GENERAL/CAD  
for: AUDITOR-GENERAL**

Dated..... *17 December, 2020* .....

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

The notes on pages 12 to 41 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME	Note	Year ended 31 December	
		2020	2019
Revenue	5	632,659,391	521,602,143
Cost of sales	6	(410,742,113)	(410,442,371)
<b>Gross profit</b>		<b>221,917,278</b>	<b>111,159,772</b>
Other Income	7	15,326,570	56,216,533
Administrative expenses	8	(208,761,410)	(137,084,347)
Other expenses	9	-	(51,876,544)
<b>Operating income (loss)</b>		<b>28,482,438</b>	<b>(21,584,586)</b>
Finance income	10	1,445,761	16,928,311
Finance costs	11	(20,083,526)	(153,822,401)
<b>Net Profit/(Loss) before tax</b>		<b>9,844,673</b>	<b>(158,478,676)</b>
Income tax expense	12(a)	(7,926,458)	(278,157)
<b>Profit/Loss After Income Tax</b>		<b>1,918,215</b>	<b>(158,200,519)</b>
Provision for Deferred tax Expense	12(d)	(292,935,973)	57,345,052
<b>Net profit (Loss) for the year</b>		<b>(291,017,758)</b>	<b>(101,411,781)</b>
Changes in the fair value of investment at fair value through other comprehensive income	15	(15,674,525)	(101,884,414)
<b>Other comprehensive income for the period</b>		<b>(15,674,525)</b>	<b>(101,884,414)</b>
<b>Total comprehensive income for the year</b>		<b>(306,692,283)</b>	<b>(203,296,195)</b>

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**STATEMENT OF FINANCIAL POSITION**

	Note	As at 31 December	
		2020 GH¢	2019 GH¢
<b>Non-current assets</b>			
Property, plant and equipment	13	1,338,361,461	850,569,401
Right-of-use assets	24	4,011,867	7,855,470
Intangible assets	14	4,273,243	6,456,447
Deferred tax assets	12(d)	-	54,368,762
Investment securities	15	<u>117,973,105</u>	<u>133,233,464</u>
<b>Total non-current assets</b>		<b>1,464,619,676</b>	<b>1,052,483,544</b>
<b>Current assets</b>			
Inventories	16	96,086,267	80,572,191
Trade and other receivables	17	201,563,340	127,502,324
Cash and bank balances	18	<u>53,023,807</u>	<u>18,356,448</u>
<b>Total current assets</b>		<b>350,673,414</b>	<b>226,430,963</b>
<b>Total assets</b>		<b>1,815,293,090</b>	<b>1,278,914,507</b>
<b>Equity</b>			
Stated capital	19	500,000	500,000
Other reserves	25	584,385,597	90,379,790
Retained earnings	26	<u>(1,043,471,937)</u>	<u>(752,454,179)</u>
<b>Total equity</b>		<b>(458,586,341)</b>	<b>(661,574,389)</b>
<b>Non-current liabilities</b>			
Loans and borrowings	20	1,034,432,928	969,837,885
Deferred tax liabilities	12(d)	238,567,211	-
Lease liabilities	24	-	<u>4,246,383</u>
<b>Total non-current liabilities</b>		<b>1,273,000,139</b>	<b>974,084,268</b>
<b>Current liabilities</b>			
Loans and borrowings	20	33,743,695	132,864,590
Trade and other payables	21	882,172,304	757,685,464
Taxation	12(c)	8,424,675	498,217
Employee benefit obligations	22	1,682,957	1,267,942
Provisions	23	69,553,574	69,553,574
Lease liabilities	24	<u>5,302,086</u>	<u>4,534,841</u>
<b>Total current liabilities</b>		<b>1,000,879,291</b>	<b>966,404,628</b>
<b>Total liabilities</b>		<b>2,273,879,291</b>	<b>1,940,488,896</b>
<b>Total equity and liabilities</b>		<b>1,815,293,090</b>	<b>1,278,914,507</b>

The notes on pages 12 to 41 are an integral part of these financial statements.

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

Name of Director: EKOW HACKMAN

Signature: [Signature]

Date: 16/12/2021

Name of Director: EDWIN A. PROVERAL

Signature: [Signature]

Date: 16/12/2021

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**STATEMENT OF CHANGES IN EQUITY**

<u>Year ended 31 December 2020</u>	<b>Stated capital GH¢</b>	<b>Other reserves GH¢</b>	<b>Retained earnings GH¢</b>	<b>Total GH¢</b>
As at 1 January 2020	<u>500,000</u>	<u>90,379,790</u>	<u>(752,454,179)</u>	<u>(661,574,389)</u>
Loss for the year	-	-	(291,017,758)	(291,017,758)
Fair value loss on Investment securities	-	<u>(15,674,525)</u>	-	<u>(15,674,752)</u>
Revaluation Surplus	-	509,680,332	-	509,680,332
As at 31 December 2020	<u>500,000</u>	<u>584,385,597</u>	<u>(1,043,471,937)</u>	<u>(458,586,341)</u>
 <u>Year ended 31 December 2019</u>				
As at 1 January 2019	500,000	<u>192,264,204</u>	(651,042,398)	(458,278,194)
Loss for the year	-	-	(101,411,781)	(101,411,780)
Fair value gain on investment securities	-	<u>(101,884,414)</u>	-	(101,884,410)
Total comprehensive income	-	<u>(101,884,414)</u>	<u>(101,411,780)</u>	<u>(203,296,195)</u>
As at 31 December 2019	<u>500,000</u>	<u>90,379,790</u>	<u>(752,454,179)</u>	<u>(661,574,389)</u>

The notes on pages 12 to 41 are an integral part of these financial statements.

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED**  
**ANNUAL REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**STATEMENT OF CASH FLOWS**

	Note	Year ended 31 December	
		2020 GH¢	2019 GH¢
<b>Operating activities</b>			
Profit/(Loss) before tax		9,844,673	(158,478,676)
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation of right-of-use assets	24	3,843,603	4,113,723
Depreciation of property, plant and equipment	13	69,793,722	57,265,652
Amortisation of intangible assets	14	2,183,204	2,111,984
Finance income	10	(1,445,761)	(16,928,311)
Exchange loss on borrowings	9	-	34,835,071
Provision for other expenses	8	3,234,389	-
Finance cost on lease	11	417,871	528,116
Finance cost	11	<u>19,310,478</u>	<u>151,316,596</u>
<b>Operating profit/(loss) before working capital changes</b>		<b>107,182,179</b>	<b>74,764,154</b>
<b>Working capital adjustments:</b>			
Decrease in inventories		(15,514,076)	46,879,005
Decrease/(increase) in trade and other receivables		(74,061,016)	19,120,020
(Decrease)/increase in trade and other payables		125,430,013	(98,647,194)
Increase/(decrease) in employee benefit obligations		<u>415,014</u>	<u>689,617</u>
<b>Cash generated from operations</b>		<b>143,452,113</b>	<b>42,805,602</b>
Interest received	10	1,445,761	16,928,311
Interest Paid on Loans	11	<u>(19,310,478)</u>	<u>(151,286,427)</u>
<b>Net cash used in operating activities</b>		<b><u>125,587,396</u></b>	<b><u>(91,551,514)</u></b>
<b>Investing activities</b>			
Purchases of property, plant and equipment	13	(47,905,450)	(35,707,622)
Purchases of intangible assets	14	-	(880,894)
Principal payment of lease liabilities	24	<u>(3,897,010)</u>	<u>(3,716,085)</u>
<b>Net cash used in investing activities</b>		<b><u>(51,802,460)</u></b>	<b><u>(40,304,601)</u></b>
<b>Financing activities</b>			
Loan drawdowns		12,138,563	332,022,000
Loan repayments		(35,870,667)	(206,073,463)
<b>Net cash generated from/(used in) financing activities</b>		<b><u>(23,732,104)</u></b>	<b><u>125,948,537</u></b>
<b>Net decrease in cash and cash equivalents</b>		<b>50,052,832</b>	<b>(5,907,578)</b>
Cash and cash equivalents as at 1 January	18	<u>2,970,974</u>	<u>8,878,552</u>
<b>Cash and cash equivalents as at 31 December</b>	18	<b><u>53,023,807</u></b>	<b><u>2,970,974</u></b>

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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The notes on pages 12 to 41 are an integral part of these financial statements.

**NOTES**

**1. Corporate Information**

Bulk Oil Storage and Transportation Company Limited ('the Company') is a company incorporated and domiciled in Ghana. 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, 1<sup>st</sup> Dzorwulu Crescent, West Airport Residential Area, Accra.

**2. Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretation Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). The financial statements have also been prepared in the manner required by the Companies Act, 2019 (Act 992). 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 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 from contracts with customers**

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Amounts disclosed as revenue are net of returns, trade allowances and rebates.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Company's activities, as described below:

**Revenue from sale of goods**

Revenue from petroleum products sold are recognised at a point in time 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.

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**NOTES (continued)**

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

**3.1 Revenue from contracts with customers (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. Revenue from services rendered is at a point in time on the basis of act storage and loading and racking services provided to customers. Interest income is recognised as it accrues.

Revenue from these sales is recognised based on the price specified in the contract and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

**Financing components**

The company does not expect to have any contracts where the period between the transfer of the products to the customer and payment by the customer exceeds one year. Sales are made with a credit term of 30 days. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

**3.2 Current versus non-current classification**

Bulk Oil Storage and Transportation Company Limited presents assets and liabilities in the 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 Inventories**

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.

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**NOTES (continued)**

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

**3.3 Inventories (continued)**

**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.

**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 impairment allowance.

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

The entity applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of trade receivables over a defined period and the corresponding historical credit losses experienced within the defined period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (where data is available and is obtained without undue effort or cost) affecting the ability of the customers to settle the receivables.

**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 accrual's 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.



**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**NOTES (continued)**

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

**3.6 Cash and bank balances**

Cash and bank balances 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 bank balances 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.

**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.

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**NOTES (continued)**

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

**3.10 Taxation (continued)**

**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.

**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.

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**NOTES (continued)**

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

**3.11 Property, plant and equipment (continued)**

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.

**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 five 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 Trade and other payables**

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**NOTES (continued)**

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

**3.15 Investments**

Investment securities are measured at fair value. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company has elected to recognise changes in the fair value of certain investments in equity securities in OCI. These changes are accumulated within other reserves within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

**3.16 Financial Instruments**

**Classification**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The Company classifies its financial instruments into the following categories:

- Financial assets at amortised cost;
- Financial assets at fair value through other comprehensive income; and
- Financial liabilities at amortised cost.

**Financial assets at amortised cost**

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

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

The Company holds financial assets with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

**Financial assets at fair value through other comprehensive income (FVOCI)**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

**Financial liabilities at amortised cost**

Financial liabilities comprise trade and other payables and borrowings. All financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire.

**Offsetting financial instruments**

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

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**NOTES (continued)**

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

**3.16 Financial instruments (continued)**

**Impairment**

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 December 2019 or 1 January 2019 respectively and the corresponding historical credit losses experienced within this period.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

**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 assets**

Financial assets are derecognised when the rights to receive cash flows from the financial instrument have expired or have been transferred and the entity has transferred substantially all risks and rewards of ownership. 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.

**3.17 Impairment of non-financial assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less costs to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**NOTES (continued)**

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

**3.18 Leases**

**Impact on the financial statements**

The Company has adopted IFRS 16 Leases retrospectively from 1 January 2020, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. There were no reclassifications and adjustments arising from the new leasing rules recognised in the opening retained earnings on 1 January 2019.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6.1%.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 January 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2020 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

There were no leases previously classified as finance leases at the transition date.

The Company has changed its accounting policy for leases where the company is the lessee. The new policy is described in note 24.

**Measurement of lease liabilities**

	<b>GH¢</b>
Operating lease commitments as at 31 December 2019	<b>12,833,700</b>
Discounted using the lessee's incremental borrowing rate of at the date of initial application	<b><u>11,969,193</u></b>
Of which are:	
- Current lease liabilities	<b>4,087,908</b>
- Non-current lease liabilities	<b><u>7,881,281</u></b>
	<b><u>11,969,193</u></b>

**Measurement of right-of-use assets**

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised at 1 January 2020.

Adjustments recognised in the statement of financial position as at 1 January 2020:

	<b>GH¢</b>
Right-of-use assets – Increase by	<b>11,969,193</b>
Accumulated depreciation increased by	<b>-</b>
Right-of-use assets at 1 January 2020	<b><u>11,969,193</u></b>
Prepayments – decrease by	<b>-</b>
Lease liabilities – increase by	<b><u>11,969,193</u></b>
	<b><u>11,969,193</u></b>

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**NOTES (continued)**

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

**3.18 Leases (continued)**

**The Company's leasing activities and how these are accounted for**

The Company undertakes leasing of commercial office and workshop premises. Rental contracts are typically made for fixed periods of 1 to 3 years, but may have extension options as described in (v) below.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used - being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are included in the lease liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**NOTES (continued)**

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

**3.18 Leases (continued)**

**The Company's leasing activities and how these are accounted for (continued)**

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

**Extension and termination options**

Extension and termination options are included in a number of leases across the company. These are used to maximise operational flexibility in terms of managing the assets used in the company's operations. The majority of extension options held are exercisable only by the company and not by the respective lessor.

**3.19 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 2019:

- **IFRS 16, 'Leases';**
- **IFRIC 23, 'Uncertainty over Income Tax Treatments'; and**
- **Annual Improvements to IFRS Standards 2015 – 2017 Cycle.**

The Company had to change its accounting policies following the adoption of IFRS 16. This is disclosed in Note 3.18. Other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**3.20 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.

**Definition of Material – Amendments to IAS 1 and IAS 8**

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

In particular, the amendments clarify:

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



**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**NOTES (continued)**

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

**3.20 Standards issued but not yet effective (continued)**

**Revised Conceptual Framework for Financial Reporting**

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

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

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

These standards are mandatory for financial years commencing on or after 1 January 2020.

**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 described below.

**Income taxes**

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the course of business. The Company recognises liability for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

**Impairment of accounts receivable**

The Company reviews the carrying amounts of the account receivable balances to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Company makes judgments as to whether there is any observable data indicating that the receivable balance is impaired. This evidence may include observable data indicating that there has been an adverse change in the payment status of debtors.

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**NOTES (continued)**

**4 Significant accounting judgments, estimates and assumptions (continued)**

**Impairment of accounts receivable (continued)**

Management uses estimates based on historical loss experience for assets with credit risk. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The methodology and assumptions used for estimating both the amount and timing of future cash flows (based on the customer's financial situation and forward-looking factors) are reviewed regularly by management to reduce any differences between loss estimates and actual loss experience. Impairment allowances are recognised when there is objective evidence to suggest that the accounts receivable balance is impaired. The accuracy of the allowances depends on how well the entity estimates future cash flows.

**Useful lives of property, plant and equipment**

The Company determines the estimated useful lives and related depreciation charges for its equipment. This estimate is based on projected product lifecycles for its high-tech segment. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

**Leases**

The right-of-use assets are determined based on the estimated lease terms and the lease payments.

The lease terms are derived from the duration of the contractual agreements the company has with the lessors, including our best estimate of the maximum term management will opt to continue with the lease agreement under the option to extend.

The lease payments are discounted using the lessee's incremental borrowing rate, that is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**NOTES (continued)**

**5. Revenue**

	2020	2019
	GH¢	GH¢
Petrol sales	139,549,689	166,369,713
Diesel sales	227,355,602	195,913,858
BOST margin	211,620,776	119,695,245
Storage fees	21,090,067	16,191,160
Loading rack fees	29,389,843	22,668,459
Product transfer fees	755,098	664,389
Revenue on transfer for exports	-	99,319
Marine Income	<u>2,898,316</u>	-
	<u>632,659,391</u>	<u>521,602,143</u>

**6. Cost of sales**

	2020	2019
	GH¢	GH¢
Cost of petrol sold	120,690,229	176,022,469
Cost of diesel sold	239,893,251	194,019,008
Pipeline handling costs	3,475,610	3,043,358
Direct operational costs	<u>46,683,024</u>	<u>37,357,536</u>
	<u>410,742,113</u>	<u>410,442,371</u>

**7. Other income**

	2020	2019
	GH¢	GH¢
Haulage registration fees	2,240,000	75,000
Interest waived by lender	-	35,756,845
Overstay fees	-	16,993,981
Rental income	102,304	98,832
Throughput Registration Fees	3,334,199	-
Exchange gain	1,576,378	225
Dividend income	3,526,768	3,291,650
Sundry Income	<u>4,546,921</u>	-
	<u>15,326,570</u>	<u>56,216,533</u>

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**NOTES (continued)**

**8. Administrative expenses**

	2020 GH¢	2019 GH¢
Employee benefits	78,422,424	77,792,082
Training, welfare and other staff costs	7,980,962	2,586,884
Insurance	3,581,421	3,855,573
Other administrative expenses	8,367,512	3,575,798
Information technology and other communication costs	2,714,712	3,956,307
Utility service costs	2,087,718	3,180,977
Repairs and maintenance	311,340	736,394
Office material supplies and other cleaning costs	2,170,698	2,265,885
Motor running costs	280,691	1,082,843
Operational maintenance cost	4,055,896	12,497,967
Operating lease, other rentals and rates	6,805,702	2,530,612
Travelling and transport costs	1,965,509	1,481,557
Donations	427,961	1,071,801
Seminars and conferences costs	3,478,154	3,092,577
Directors' emoluments	1,213,835	2,220,970
Auditor's remuneration	244,000	240,000
Legal expenses	3,242,142	25,991
Consultancy	1,400,272	1,001,949
Security	2,985,305	2,964,809
Advertising, publicity and promotions	83,276	233,900
Depreciation of right-of-use assets	3,843,603	4,113,723
Depreciation of property, plant and equipment	69,793,722	57,265,652
Amortisation	2,183,204	2,111,984
Release of accrual for shortages	-	(52,801,888)
Bank Charges	1,121,348	-
	<u>208,761,410</u>	<u>136,602,281</u>

**8a. Employee benefits comprise:**

	2020 GH¢	2019 GH¢
Wages and salaries	28,905,596	28,153,164
Social Security costs	3,465,959	4,676,033
Allowances	40,616,650	39,616,229
Gratuity cost and other employee benefits	<u>5,434,219</u>	<u>5,346,656</u>
	<u>78,422,424</u>	<u>77,792,082</u>

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**NOTES (continued)**

<b>9. Other expenses</b>		
	<b>2020</b>	<b>2019</b>
	<b>GH¢</b>	<b>GH¢</b>
Voyage expenses	-	-
Exchange loss	-	17,041,473
Foreign exchange loss on borrowings	-	34,835,071
Inventory provision	-	-
	<u>-</u>	<u>51,876,544</u>
<b>10. Finance income</b>		
	<b>2020</b>	<b>2019</b>
	<b>GH¢</b>	<b>GH¢</b>
Interest on current/savings account	780,256	229,591
Interest income on fixed deposits	<u>665,505</u>	<u>16,698,720</u>
	<u>1,445,761</u>	<u>16,928,311</u>
<b>11. Finance costs</b>		
	<b>2020</b>	<b>2019</b>
	<b>GH¢</b>	<b>GH¢</b>
Interest on borrowings	19,310,478	21,174,90
LC charges, commission, arrangement fees and other interest charged	-	130,141,696
Interest expense on lease liabilities	417,871	528,115
Trade finance costs	<u>773,048</u>	<u>1,977,690</u>
	<u>20,083,526</u>	<u>153,822,401</u>
<b>12. Income tax</b>		
<b>12a. Income tax credit</b>		
The major components of income tax credit for the years ended 31 December 2020 and 2019 are:		
	<b>2020</b>	<b>2019</b>
	<b>GH¢</b>	<b>GH¢</b>
Current income tax charged	7,926,458	278,157
Deferred taxes:		
Relating to accelerated depreciation, tax losses and other temporary difference	<u>292,935,973</u>	<u>(57,345,052)</u>
Income tax credit (expense) reported in the statement of comprehensive income	<u>300,862,431</u>	<u>(57,066,895)</u>

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**NOTES (continued)**

**12. Income tax (continued)**

**12b. Effective tax reconciliations**

	2020 GH¢	2019 GH¢
Accounting loss before tax (profit)	31,705,832	(158,478,676)
Tax at statutory income tax rate of 25% (2019: 25%)	7,926,458	(39,619,669)
Non-deductible expenses	-	25,018,391
Recognition of previously unrecognised deferred taxes	-	420,094
Effect of other timing differences	<u>292,935,973</u>	<u>(42,885,711)</u>
At the effective income tax rate	<u>300,862,431</u>	<u>(57,066,895)</u>

**12c. Corporation tax**

<u>Year ended 31 December 2020</u>	Balance as at 1 January GH¢	Charge for the year GH¢	Payments during the year GH¢	Balance as at 31 December GH¢
Up to 2019	220,060	278,157	-	498,217
2020	-	<u>7,926,458</u>	-	<u>7,926,458</u>
<b>Total</b>	<u>220,060</u>	<u>8,204,615</u>	-	<u>8,424,675</u>
<u>Year ended 31 December 2019</u>	Balance as at 1 January GH¢	Charge for the year GH¢	Payments during the year GH¢	Balance as at 31 December GH¢
Up to 2018	220,060	-	-	220,060
2019	-	<u>278,157</u>	-	<u>278,157</u>
<b>Total</b>	<u>220,060</u>	<u>278,157</u>	-	<u>498,217</u>

**12d. Deferred income tax**

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

	2020 GH¢	2019 GH¢
Accelerated depreciation for tax purposes	291,827,885	168,247,825
Other temporary differences	(53,260,674)	(182,459,466)
Tax losses	-	<u>(40,157,121)</u>
<b>Net deferred income tax liabilities</b>	<u>238,567,211</u>	<u>(54,368,762)</u>

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

	2020 GH¢	2019 GH¢
At 1 January	(54,368,762)	2,976,290
Credit (expense) for the year	<u>292,935,973</u>	<u>(57,345,052)</u>
At 31 December	<u>238,567,211</u>	<u>(54,368,762)</u>

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**NOTES (continued)**

**13. Property, plant and equipment**

	Land and Buildings	Motor Vehicles	Operational Equipment	Office Equipment	Furniture, & Fittings	Computer & IT Equipment	Household Equipment	Marine Equipment	CWP Buildings	CWP Pipe Lines & Tanks	Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
<b>COST</b>											
At at 1 January 2020	170,110,979	4,037,233	863,803,971	1,464,933	1,907,193	1,406,066	1,912	73,025,000	63,018,143	-	1,178,775,430
Accumulated Depreciation as at 1 Jan 2020	(25,535,158)	(3,321,789)	(251,548,903)	(1,040,732)	(1,569,907)	(1,372,628)	(1,912)	(43,815,000)	-	-	(328,206,029)
Carrying amount as 1 January 2020	144,575,821	715,444	612,255,068	424,201	337,286	33,438	-	29,210,000	63,018,143	-	850,569,401
Revaluation Difference	179,436,179	2,020,356	176,010,192	(252,111)	312,204	289,762	59,910	151,803,840	-	-	509,680,332
Revalued amounts	324,012,000	2,735,800	788,265,260	172,090	649,490	323,200	59,910	181,013,840	63,018,143	-	1,360,249,733
Additions	1,337,781	-	-	59,007.26	254,062.42	845,170.59	-	-	3,553,167	41,856,262	47,905,450
Cost/Revalued Amounts as at 31 December 2020	325,349,781.00	2,735,800.00	788,265,260.00	231,097.26	903,552.42	1,168,370.59	59,910.00	181,013,840.00	66,571,309.82	41,856,262	1,408,155,183
<b>DEPRECIATION</b>											
Accumulated as at 1 Jan 2020	25,535,158	3,321,789	251,548,903	1,040,732	1,569,907	1,372,628	1,912	43,815,000	-	-	328,206,029
Adjustment for Revaluation	(25,535,158)	(3,321,789)	(251,548,903)	(1,040,732)	(1,569,907)	(1,372,628)	(1,912)	(43,815,000)	-	-	328,206,029
Charge for the year	10,914,000	683,950	39,413,263	46,219	225,888	389,067	19,950	18,101,384	-	-	69,793,722
As at 31 December 2020	10,914,000	683,950	39,413,263	46,219	225,888	389,067	19,950	18,101,384	-	-	69,793,722
Carrying amount as at 31 Dec. 2020	314,435,781	2,051,850	748,851,997	184,878	677,664	779,303	39,960	162,912,456	66,571,310	41,856,262	1,338,361,461
Carrying amount as at 1 Jan 2020	144,575,821	715,444	612,255,068	424,201	337,286	33,438	-	29,210,000	63,018,143	-	850,569,401

No borrowing cost was capitalised during the year (2020: Nil).

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

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**NOTES (continued)**

**13. Property, plant and equipment (continued)**

2019	Land and buildings GH¢	Motor vehicles GH¢	Operational equipment GH¢	Office equipment GH¢	Furniture & fittings GH¢	Computer & IT equipment GH¢	Household equipment GH¢	Marine equipment GH¢	CWIP Building GH¢	Total GH¢
As at 1 January 2019	169,258,253	2,621,175	863,390,520	1,299,123	1,428,888	1,371,673	1,912	73,025,000	30,670,664	1,143,067,808
Additions	852,126	1,416,058	413,451	165,810	478,305	34,393	-	-	32,347,479	35,707,522
As at 31 December 2019	170,110,979	4,037,233	863,803,971	1,464,933	1,907,193	1,406,066	1,912	73,025,000	63,018,143	1,178,775,430
Accumulated Depreciation										
As at 1 January 2019	20,528,494	2,468,863	208,364,089	769,472	1,145,322	1,149,725	1,912	36,512,500	-	270,940,377
Charge for the year	5,006,664	852,926	43,184,814	271,260	424,585	222,903	-	7,302,500	-	57,265,652
As at 31 December 2019	25,535,158	3,321,789	251,548,903	1,040,732	1,569,907	1,372,628	1,912	43,815,000	-	328,206,029
Net book amount As at 31 December 2019	144,575,821	715,444	612,255,068	424,201	337,286	33,438	-	29,210,000	63,018,143	850,569,401
Net book amount As at 31 December 2018	148,730,359	152,3124	655,026,431	529,651	283,566	221,948	-	36,512,500	30,670,664	872,127,431



**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**NOTES (continued)**

**14. Intangible assets**

	2020 GH¢	2019 GH¢
<b>Cost</b>		
At 1 January	10,916,020	10,035,126
Additions	-	<u>880,894</u>
At 31 December	<u>10,916,020</u>	<u>10,916,020</u>
<b>Accumulated Amortisation</b>		
At 1 January	4,459,573	2,347,589
Charge for the year	<u>2,183,204</u>	<u>2,111,984</u>
At 31 December	<u>6,642,777</u>	<u>4,459,573</u>
<b>Net book amount at 31 December</b>	<u>4,273,243</u>	<u>6,456,447</u>

**15. Investment securities**

	2020 GH¢	2019 GH¢
At 1 January	133,233,464	235,117,878
Fair value (loss)/gains on investment securities recognised in other comprehensive income	<u>(15,674,525)</u>	<u>(101,884,414)</u>
<b>Fair Value as at 31 December</b>	<u>117,558,939</u>	<u>133,233,464</u>
Housing scheme investment	414,165	-
	<u>117,973,105</u>	

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

**16. Inventories**

	2020 GH¢	2019 GH¢
Diesel	39,844,116	47,721,230
Petrol	32,052,210	8,665,644
Kerosene	3,794,483	3,794,483
Crack fuel	1,671,162	1,671,162
ATK/DPK	89,609	89,609
Crude oil	13,831,232	13,831,232
Residue	4,798,831	4,798,831
Stationery & Office Supplies	<u>4,625</u>	-
	<u>96,086,267</u>	<u>80,572,191</u>

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**NOTES (continued)**

**17. Trade and other receivables**

	2020 GH¢	2019 GH¢
Net trade receivables	200,751,945	118,853,656
Other receivables	-	7,412,262
Prepayments	811,395	1,236,406
Treasury bills and fixed deposits with banks	-	-
	<u>201,563,340</u>	<u>127,502,324</u>
Net trade receivable comprises:		
Gross trade receivable from customers	413,794,642	331,896,353
Less credit loss allowance:		
At 1 January	(213,042,697)	(213,042,697)
Charge for the year	-	-
At 31 December	<u>(200,751,945)</u>	<u>(213,042,697)</u>
Net receivable from customers	<u>200,751,945</u>	<u>118,853,656</u>

**18. Cash and bank balances**

	2020 GH¢	2019 GH¢
Cash balances	144,804	20,926
Bank balances	<u>52,879,002</u>	<u>18,335,522</u>
	<u>53,023,806</u>	<u>18,356,448</u>

**18a. Cash and cash equivalents**

For the purpose of the statement of cash flows, the period end cash and cash equivalents comprise the following:

	2020 GH¢	2019 GH¢
Cash and bank balances (Note 18)	53,023,806	18,356,448
Bank overdraft (Note 20)	-	(15,386,474)
	<u>53,023,806</u>	<u>2,969,974</u>

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**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.

	2020 Number issued	2020 Amount GH¢	2019 Number issued	2019 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**

	2020 GH¢	2019 GH¢
Standard Chartered Bank Limited	97,676,314	97,676,314
EX-IM Bank - US	179,304,904	179,304,904
Ghana Commercial Bank	-	1,770,676
Fidelity Bank Loan	4,208,643	19,282,790
Fidelity NPA Loan	64,606,791	79,344,632
GoG - GNPC/LITASCO Loan	709,936,685	709,936,685
Consolidated Bank Ghana	12,138,563	-
Overdrafts	-	15,386,474
	<u>1,068,176,623</u>	<u>1,102,702,475</u>

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**NOTES (continued)**

**27. Financial risk management objectives and policies (continued)**

**Credit risk analysis (continued)**

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 maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 17, (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.

The table below shows the Company's maximum exposure to credit risk by class of financial instrument:

*Financial instruments by category*

	2020 GH¢	2019 GH¢
Financial assets at amortised cost:		
Trade and other receivables (excluding prepayments)	200,751,945	126,265,917
Cash at bank	<u>53,023,806</u>	<u>18,335,522</u>
	<b>254,587,146</b>	<b>144,601,439</b>
Financial assets at fair value through other comprehensive income:		
Investment securities	<u>117,558,939</u>	<u>133,233,464</u>
	<b>372,146,085</b>	<b>277,834,903</b>

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected loss rates based on the payment profiles of customers and the credit terms given to them over a stipulated period before 31 December 2020 or 1 January 2021 respectively are as follows:

**31 December 2020**

	Aged 1-180 days	Over 180 days	Total
Expected loss rate	0%	71.98893%	
Gross carrying amount	<u>35,958,223</u>	<u>295,938,130</u>	<b><u>331,896,353</u></b>
Credit loss allowance	-	<u>213,042,697</u>	<b><u>213,042,697</u></b>

**NOTES (continued)**

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**27. Financial risk management objectives and policies (continued)**

**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):

<b>Year ended 31 December 2020</b>	<b>Within 1 year GH¢</b>	<b>1 to 5 years GH¢</b>	<b>Total GH¢</b>
<b>Borrowings</b>	<b>33,743,695</b>	<b>47,210,302</b>	<b>80,953,997</b>
<b>Trade accounts and other payable</b>	<b>882,172,304</b>	<b>-</b>	<b>882,172,304</b>
<b>Lease liabilities</b>	<b>5,302,086</b>		<b>5,302,086</b>
	<b><u>921,218,085</u></b>	<b><u>47,210,302</u></b>	<b><u>968,428,387</u></b>

**28. Related party disclosures**

The Company is solely owned by the Government of Ghana.

**Compensation of those charged with governance**

	<b>2020 GH¢</b>	<b>2019 GH¢</b>
Directors emolument	<b><u>1,213,835</u></b>	<b><u>2,220,970</u></b>

**29. 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)**

**30. Post-reporting date events**

The World Health Organisation characterised the spread of Covid-19 as a pandemic on 11 March 2020. Measures taken by government to contain the spread of COVID-19 infections are expected to continue to impact economic activities. The directors and management of the Company have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures of the Company's employees (such as social distancing and working from home, where appropriate). At this stage, the impact of COVID-19 and actions taken by government to contain it has not significantly affected the Company's intention to carry on its business as a going concern. The

**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

directors and management will continue to follow the various government policies and advice, in parallel, and ensure that the Company's operations continue in the best and safest way possible. The directors are not aware of any other material events that have occurred between the date of the statement of financial position and the date of this report.

**31. Contingent liabilities**

**Legal claim contingency**

The Company is presently involved in certain legal proceedings. These court cases arose in the normal course of business. In the director's opinion, after taking appropriate legal advice, the outcome of these of these legal claims will not give rise to any significant loss.

**Tax exposure**

There was a contingent liability of GH¢36,096,207 in respect of possible tax exposure as a result of tax audit performed by Ghana Revenue Authority as at 31 December 2018 for 2000 to 2017 years of assessment. The Company objected to the tax exposure and has not yet received a final response from Ghana Revenue Authority as at the reporting date of 31 December 2021.

**32. Capital commitments**

The Company had no capital commitments at 31 December 2020. (2019: Nil).

**33. Changes in accounting policies**

The adoption of IFRS 9 'Financial Instruments' from 1 January 2018 resulted in changes in accounting policies as set out in note 3.16. The impact of these changes on the Company's equity is as follows:

	Notes	Effect on other reserves GH¢	Effect on retained earnings GH¢
Opening balance – IAS 39		43,356,215	(290,499,534)
Reclassify non-trading equities from available-for-sale to Fair Value through Other Comprehensive Income	(a)	<u>124,612,475</u>	<u>(124,612,475)</u>
<b>Total impact</b>		<u>124,612,475</u>	<u>(124,612,475)</u>
Opening balance – IFRS 9		<u>167,968,690</u>	<u>(415,112,009)</u>

(a) Equity investments previously classified as available-for-sale.

The Company elected to present in other comprehensive income (OCI) changes in the fair value of all its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of GH¢133,233,464 were reclassified from available-for-sale financial assets to financial assets at FVOCI and fair value loss of GH¢15,674,525 were reclassified.