

Independent Auditor's Report to the Members of Ghana Oil Company Limited

For The Year Ended 31 December 2013

Report on the Financial Statements

We have audited the accompanying financial statements of Ghana Oil Company Limited which comprise the statement of financial position as of December 31, 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) Securities and Exchange Commission Regulations 2003, LI 1728 and Ghana Stock Exchange Membership Regulations 1991 LI 1510 as amended. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

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

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Auditor's Report

FOR THE YEAR ENDED 31 DECEMBER 2013

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Ghana Oil Company Limited as of December 31, 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act, 1963 (Act 179), Securities and Exchange Commission Regulations 2003, LI 1728 and Ghana Stock Exchange Membership Regulations 1991 LI 1510 as amended.

Report on Other Legal and Regulatory Requirements

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

- » We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- » In our opinion proper books of accounts have been kept by the Company, so far as appears from our examination of those books, and
- » The Company's statement of financial position and statement of comprehensive income are in agreement with the books of accounts.

PKF

Signed by: F. Bruce-Tagoe (ICAG/P/1087)

For and on behalf of

PKF: (ICAG/F/039)

Chartered Accountants

Farrar Avenue

P. O. Box GP 1219,

Accra.

3RD APRIL 2014

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Statement Of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 GH¢	2012 GH¢
Gross Revenue		1,082,583,510	859,912,641
Customs Duties and Levies		<u>(76,956,013)</u>	<u>(68,585,163)</u>
Net Revenue		1,005,627,497	791,327,478
Cost of Sales		(949,504,217)	<u>(746,310,078)</u>
Gross Profit		56,123,280	45,017,400
Sundry Income	3	3,494,932	2,243,023
Depot and Station Expenses	2a.	(13,524,864)	(8,980,213)
Selling & Administrative Expenses	2b.	(27,317,201)	<u>(23,489,428)</u>
Operating profit before financing cost		18,776,147	14,790,782
Net Finance Expenses	4	(187,890)	<u>(600,704)</u>
Profit before Taxation		18,588,257	14,190,078
Income Tax Expense	5	(4,825,426)	<u>(4,788,452)</u>
Net profit after tax attributable to equity holders of the company		13,762,831	<u>9,401,626</u>
Other Comprehensive Income			
Available -for-Sale Financial Assets net of tax	20	2,916,072	<u>366,000</u>
Total Other Comprehensive Income		2,916,072	<u>366,000</u>
Total Comprehensive Income for the year		16,678,903	<u>9,767,626</u>
Earning per share (GH¢)	29	0.055	0.045
Dividend per share (GH¢)	29	0.016	0.015

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Statement Of Financial Position

AS AT 31 DECEMBER 2013

	Notes	2013 GH¢	2012 GH¢
NON CURRENT ASSETS			
Property, Plant and Equipment	8a	71,750,042	46,823,684
Intangible Asset	12	2,289,256	851,825
Available for Sale Financial Instruments	9a	8,584,883	5,546,089
Total Non Current Assets		82,624,181	53,221,598
CURRENT ASSETS			
Stocks	10	17,085,291	12,375,835
Accounts Receivable	11	96,527,285	90,297,148
Short Term Investment	9b	4,479,075	3,900,227
Cash and Bank Balances	13	21,227,777	3,995,913
Total Current Assets		139,319,428	110,569,123
TOTAL ASSETS		221,943,609	163,790,721
EQUITY			
Stated Capital	17	31,809,263	11,809,263
Building Fund	18	2,533,369	1,599,217
Income Surplus	19	16,017,991	27,508,113
Capital Surplus	20	8,974,427	6,058,355
Total Equity		59,335,050	46,974,948
NON CURRENT LIABILITIES			
Deferred Tax	7b	3,591,598	2,822,389
Non Current Term Loan	16b	6,565,818	8,121,909
Total Non Current Liabilities		10,157,416	10,944,298
CURRENT LIABILITIES			
Bank Overdraft	14	1,114,277	1,316,148
Accounts Payable	15	145,646,738	99,131,373
Current Portion of Term Loan	16c	3,662,975	3,636,477
Current Tax	7a	2,027,153	1,787,477
Total Current Liabilities		152,451,143	105,871,475
TOTAL LIABILITIES		162,608,559	116,815,773
TOTAL EQUITY AND LIABILITIES		221,943,609	163,790,721

Approved by the Board on.

3RD APRIL 2014

 Director

 Director

Statement Of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2013

	<i>Stated Capital</i>	<i>Building Fund</i>	<i>Income Surplus</i>	<i>Capital Surplus</i>	<i>Totals</i>
	GH¢	GH¢	GH¢	GH¢	GH¢
2013					
Balance at 1 January	11,809,263	1,599,217	27,508,113	6,058,355	46,974,948
Net profit for the year	0	0	13,762,831	0	13,762,831
Transfer to Stated Capital	20,000,000	0	(20,000,000)	0	0
Tax Effect on Transfer to Stated Capital	0	0	(1,412,015)	0	(1,412,015)
Transfer to Building Fund	0	688,142	(688,142)	0	0
Interest Earned on Amount Invested	0	246,010	0	0	246,010
Revaluation Gain on Available for Sale Investments	0	0	0	2,916,072	2,916,072
Dividend paid	0	0	(3,152,796)	0	(3,152,796)
<i>Balance at 31 December</i>	<u>31,809,263</u>	<u>2,533,369</u>	<u>16,017,991</u>	<u>8,974,427</u>	<u>59,335,050</u>
2012					
Balance at 1 January	11,809,263	1,129,136	21,519,175	5,692,355	40,149,929
Net profit for the year	0	0	9,401,626	0	9,401,626
Transfer to Building Fund	0	470,081	(470,081)	0	0
Revaluation Gain on Available for Sale Investments	0	0	0	366,000	366,000
Dividend paid	0	0	(2,942,607)	0	(2,942,607)
<i>Balance at 31 December</i>	<u>11,809,263</u>	<u>1,599,217</u>	<u>27,508,113</u>	<u>6,058,355</u>	<u>46,974,948</u>

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Statement Of Cash Flow

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	GH¢	GH¢
Cash flow from operating activities		
<i>Operating Profit</i>	18,588,257	14,190,078
Adjustment for:		
Depreciation and Amortisation charges	7,828,259	4,828,924
Profit on sale of Property, Plant and Equipment	(141,650)	(77,273)
Interest and Dividend Received	(1,174,589)	(666,649)
Interest Paid	1,362,479	1,267,353
Net effect of Assets Reversed	17,948	30,000
<i>Operating Profit Before Working Capital Changes</i>	26,480,704	19,572,433
Increase in Stocks	(4,709,456)	(2,449,492)
Increase in Debtors	(6,230,137)	(24,994,536)
Increase in Creditors	45,226,638	26,290,028
<i>Cash generated from operations</i>	60,767,749	18,418,433
Company Tax Paid	(3,816,541)	(2,894,350)
<i>Net Cash Inflow from Operating activities</i>	56,951,208	15,524,083
Cash flows from Investing activities		
Interest and Dividend Received	1,174,589	666,649
Interest paid	(1,362,479)	(1,267,353)
Acquisition of Property, Plant and Equipment	(34,242,246)	(19,908,819)
Receipt from disposal of Property, Plant and Equipment	173,900	109,393
	(34,256,236)	(20,400,130)
<i>Net Cash Inflows Before Financing</i>	22,694,972	(4,876,047)
Cash flows from Financing Activities		
(Decrease)/Increase in Term Loan	(1,529,593)	7,942,286
Dividend paid	(3,152,796)	(2,942,607)
	(4,682,389)	4,999,679
<i>Net Increase in Cash and Cash Equivalents</i>	18,012,583	123,632
<i>Cash and Cash Equivalents at 1 January</i>	6,579,992	6,456,360
<i>Cash and Cash Equivalents at 31 December</i>	24,592,575	6,579,992
Cash and Cash Equivalents		
Cash at Bank and in Hand	21,227,777	3,995,913
Bank Overdraft	(1,114,277)	(1,316,148)
Short Term Investment	4,479,075	3,900,227
	24,592,575	6,579,992