

Independent Auditor's Report to the Members of Total Petroleum Ghana Limited

Report on the financial statements

We have audited the consolidated and separate financial statements of Total Petroleum Ghana Limited (the Company), which comprise the statements of financial position at 31st December 2013, and the statements of comprehensive income, 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, as set out on pages 17 to 46.

Directors' Responsibility for the financial statements

The Company's 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), and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 judgement, 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.

Opinion

In our opinion, these financial statements give a true and fair view of the consolidated and separate financial position of Total Petroleum Ghana Limited at 31 December 2013, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 1963 (Act 179).

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Act, 1963 (Act 179).

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 account have been kept, and the statements of financial position and comprehensive income are in agreement with the books of account.



SIGNED BY: ANTHONY K. SARPONG (ICAG/P/1057)

FOR AND ON BEHALF OF:

KPMG: (ICAG/F/0036)

CHARTERED ACCOUNTANTS

13 YIYIWA DRIVE, ABELENKPE

P O BOX GP 242

ACCRA

26th March, 2014

Consolidated And Separate Statements Of Financial Position

as at 31 December 2013

	Note	Group 2013 GH¢'000	Company 2013 GH¢'000	Company 2012 GH¢'000
Assets				
Property, plant and equipment	12	91,742	91,260	73,718
Intangible assets	13	12,999	12,999	12,083
Long term investments	14	12	12	12
Long term leases	24	8,361	8,361	5,652
Investment in subsidiary	25	-	6,274	-
Total non-current assets		<u>113,114</u>	<u>118,906</u>	<u>91,465</u>
Inventories	16	83,712	83,712	50,028
Income tax asset	10	635	635	-
Trade and other receivables	17	125,995	126,482	120,540
Amounts due from related companies	23	1,313	1,313	211
Deposit for shares	15	-	-	6,274
Cash and cash equivalents	18	20,621	8,349	17,005
Total current assets		<u>232,276</u>	<u>220,491</u>	<u>194,058</u>
Total assets		<u>345,390</u>	<u>339,397</u>	<u>285,523</u>
Equity				
Share capital	19	51,222	51,222	49,722
Retained earnings		52,742	52,280	36,349
Non controlling interest		5,511	-	-
Total equity		<u>109,475</u>	<u>103,502</u>	<u>86,071</u>
Liabilities				
Trade and other payables	21	201,540	201,520	180,562
Amount due to related companies	23	24,788	24,788	14,628
Income tax liability	10	-	-	620
Bank overdraft	18	8,693	8,693	-
Total current liabilities		<u>235,021</u>	<u>235,001</u>	<u>195,810</u>
Deferred tax liabilities	11	894	894	3,642
Total non-current liabilities		<u>894</u>	<u>894</u>	<u>3,642</u>
Total liabilities		<u>235,915</u>	<u>235,895</u>	<u>199,452</u>
Total liabilities and equity		<u>345,390</u>	<u>339,397</u>	<u>285,523</u>



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DIRECTOR



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DIRECTOR

Consolidated And Separate Statements Of Comprehensive Income

for the year ended 31 December 2013

	Note	Group 2013 GH¢'000	Company 2013 GH¢'000	Company 2012 GH¢'000
Revenue	6	1,338,155	1,338,155	1,329,363
Cost of sales		<u>(1,237,002)</u>	<u>(1,237,002)</u>	<u>(1,250,063)</u>
Gross profit		101,153	101,153	79,300
Other income	7	14,621	13,659	15,179
General, administrative and selling expense		<u>(69,755)</u>	<u>(69,632)</u>	<u>(55,140)</u>
Operating profit before financing costs/ income		46,019	45,180	39,339
Finance income		1,954	1,954	1,796
Finance costs		<u>(397)</u>	<u>(397)</u>	<u>(282)</u>
Profit before taxation	8	47,576	46,737	40,853
Income tax expense	10	<u>(11,031)</u>	<u>(11,031)</u>	<u>(10,327)</u>
Profit for the year		36,545	35,706	30,526
Other comprehensive income		-	-	-
Profit for the year		<u>36,545</u>	<u>35,706</u>	<u>30,526</u>
Profit attributed to:				
Owners of the company		36,168	-	-
Non-controlling interest		377	-	-
Basic earnings per share (Ghana cedi per share)	20	GH¢0.3233	GH¢0.3192	GH¢ 0.2729
Diluted earnings per share (Ghana cedi per share)	20	GH¢0.3233	GH¢0.3192	GH¢ 0.2729

The notes on page 17 to 46 form an integral part of these financial statements.

Consolidated And Separate Statements Of Changes In Equity

for the year ended 31 December 2013

Group	Share Capital GH¢' 000	Retained Earnings GH¢' 000	Non-Control- ling Interest GH¢' 000	Total Equity GH¢' 000
Balance at 1 January 2013	49,722	36,349	-	86,071
Total comprehensive income for the year				
Profit for the year	-	36,168	377	36,545
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	<u>49,722</u>	<u>72,517</u>	<u>377</u>	<u>122,616</u>
Transaction with equity holders				
Dividend paid	-	(18,275)	-	(18,275)
Bonus issue	1,500	(1,500)	-	-
Total transactions with equity holders	<u>1,500</u>	<u>(19,775)</u>	<u>-</u>	<u>(18,275)</u>
Changes in ownership interests:				
Acquisition of subsidiary with non-controlling interest	-	-	5,134	5,134
Total transactions with equity holders	<u>-</u>	<u>-</u>	<u>5,134</u>	<u>5,134</u>
Balance at 31 December 2013	<u>51,222</u>	<u>52,742</u>	<u>5,511</u>	<u>109,475</u>

Company	Share Capital GH¢	Retained Earnings GH¢	Total Equity GH¢
Balance at 1 January 2013	49,722	36,349	86,071
Total comprehensive income for the year			
Profit for the year	-	35,706	35,706
Other comprehensive income	-	-	-
Total comprehensive income for the year	<u>49,722</u>	<u>72,055</u>	<u>121,777</u>
Transaction with equity holders			
Dividend paid	-	(18,275)	(18,275)
Bonus issue	1,500	(1,500)	-
Total transactions with equity holders	<u>1,500</u>	<u>(19,775)</u>	<u>(18,275)</u>
Balance at 31 December 2013	<u>51,222</u>	<u>52,280</u>	<u>103,502</u>

Consolidated And Separate Statements Of Changes In Equity

for the year ended 31 December 2013, Continued

Company	Share Capital GH¢'000	Retained Earnings GH¢'000	Total Equity GH¢'000
Balance at 1 January 2012	49,722	22,884	72,606
Total comprehensive income for the year			
Profit for the year	-	30,526	30,526
Other comprehensive income	-	-	-
Total comprehensive income for the year	<u>49,722</u>	<u>53,410</u>	<u>103,132</u>
Transaction with equity holders			
Dividend paid	-	(17,061)	(17,061)
Total transactions with equity holders	<u>-</u>	<u>(17,061)</u>	<u>(17,061)</u>
Balance at 31 December 2012	<u>49,722</u>	<u>36,349</u>	<u>86,071</u>

The notes on page 17 to 46 form an integral part of these financial statements.

Consolidated And Separate Statement Of Cash Flows

for the year ended 31 December 2013

	Group 2013	Company 2013	Company 2012
	GH¢'000	GH¢'000	GH¢'000
Cash flows from operating activities			
Profit before taxation	47,576	46,737	40,853
Adjustments for:			
Depreciation charges	8,901	8,901	11,326
Amortization of intangible assets	116	116	99
Amortisation of long term lease	1,178	1,178	1,469
Interest received	(1,954)	(1,954)	(1,796)
Interest expense	397	397	282
Profit on disposal of plant and equipment	(486)	(486)	(94)
	<u>55,728</u>	<u>54,889</u>	<u>52,139</u>
Change in inventories	(33,684)	(33,684)	(13,156)
Change in trade and other receivables	(5,455)	(5,943)	(25,500)
Change in trade and other payables	20,978	20,958	47,229
Change in associated company balances	<u>9,058</u>	<u>9,058</u>	<u>(563)</u>
Cash generated from operations	46,625	45,278	60,149
Interest received	1,954	1,954	1,796
Interest paid	(397)	(397)	(282)
Income taxes paid	<u>(15,034)</u>	<u>(15,034)</u>	<u>(9,387)</u>
Net cash flow from operating activities	<u>33,148</u>	<u>31,801</u>	<u>52,276</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	(28,703)	(28,220)	(20,711)
Proceeds from sale of plant and equipment	1,232	1,232	216
Principal payment for leases contracted	(3,887)	(3,887)	(3,938)
Deposit for shares	-	-	(6,274)
Net cash flow used in investing activities	<u>(31,358)</u>	<u>(30,875)</u>	<u>(30,707)</u>
Cash flows used in financing activities			
Dividend paid	(18,275)	(18,275)	(17,061)
Proceeds from share issue by subsidiary	<u>5,134</u>	-	-
Net cash flow used in financing activities	<u>(13,141)</u>	<u>(18,275)</u>	<u>(17,061)</u>
Net increase in cash and cash equivalents	<u>(11,351)</u>	<u>(17,349)</u>	<u>4,508</u>
Analysis of changes in cash and cash equivalents during the year			
Balance at 1 January (Note 25)	23,279	17,005	12,497
Net increase in cash and cash equivalents	<u>(11,351)</u>	<u>(17,349)</u>	<u>4,508</u>
Balance at 31 December	<u>11,928</u>	<u>(344)</u>	<u>17,005</u>
Analysis of balances of cash and cash equivalents as shown in the balance sheet			
Cash and bank balances	<u>11,928</u>	<u>(344)</u>	<u>17,005</u>

The notes on page 17 to 46 form an integral part of these financial statements.