TOTAL PETROLEUM GHANA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2019

TOTAL PETROLEUM GHANA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

I N D E X

TOTAL PETROLEUM GHANA LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS	Samba Salfal Seye	Chairman
	Eric Fanchini	Managing Director
	Rexford Adomako-Bonsu	Member
	Kofi Ampim	Member
	Stanislas Mittelman	Member
	Wilfried Konde	Member (Appointed: 01 November 2019)
	John M.Ababio	Member
	Laurette Otchere	Member
	Alain Vedier	Member
	Gerard Pruneau	Member (Resigned: 01 November 2019)

SECRETARY

Mrs. Mercy Samson
Total House
25 Liberia Road
P. O. Box 553
Accra

REGISTERD OFFICE

Total House
25 Liberia Road
P. O. Box 553
Accra

SOLICITOR

Peasah Boadu & Co.
3rd Floor, Gulf House
P. O. Box CT 352
Cantonments, Accra

REGISTRAR

Universal Merchant Bank Limited
123 Kwame Nkrumah Avenue
Sethi Plaza
Adabraka, Accra

AUDITOR

KPMG
Chartered Accountants
13 Yiyiwa Drive, Abelenkpe
P. O. Box GP 242
Accra

BANKERS

Absa Bank Ghana Limited
Agricultural Development Bank Limited
Ecobank Ghana Limited
GCB Bank Limited
National Investment Bank Limited
Societe Generale Ghana Limited
Stanbic Bank Ghana Limited
Standard Chartered Bank Ghana Limited
Universal Merchant Bank Limited
Zenith Bank Ghana Limited

REPORT OF THE DIRECTORS TO THE MEMBERS OF TOTAL PETROLEUM GHANA LIMITED

Directors' responsibility statement

The Directors are responsible for the preparation of consolidated ("Group") and separate ("Company") financial statements that give a true and fair view of Total Petroleum Ghana Limited, comprising the statements of financial position as at 31 December 2019, and the statements of profit or loss and other 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, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992). In addition, the Directors are responsible for the preparation of the Report of the Directors.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the ability of the Group and Company to continue as going concern. Refer to the going concern consideration below.

The auditor is responsible for reporting on whether the consolidated and separate financial statements give a true and fair view in accordance with the applicable financial reporting framework and relevant laws.

Principal activities

The principal activity of the Group is the marketing and sale of petroleum and allied products. There was no change in the nature of business of the Group during the year.

Objectives of the Company

The purpose of the Group is to market quality petroleum products and services to its customers responsibly, and profitably and in an innovative way.

Holding Company

The Company is a subsidiary of Total Outre-Mer SA, a company incorporated in France. The ultimate parent company is Total S.A, a company incorporated in France.

Subsidiary Company

The Company has 55% shareholding in Ghanstock Limited, a company incorporated in Ghana and registered to build, own, operate and maintain petroleum storage facilities.

Associate Companies;

Ghana Bunkering Services Limited

The Company has 48.5% shareholding in Ghana Bunkering Services Limited, a company incorporated in Ghana to provide bunkering services to petroleum marketers in Ghana.

Road Safety Limited

The Company has 50% shareholding in Road Safety Limited, a company incorporated in Ghana to provide driver education and maintenance services for haulage of petroleum products.

REPORT OF THE DIRECTORS TO THE MEMBERS OF

TOTAL PETROLEUM GHANA LIMITED (CONT'D)

Five year financial highlights

Group	**2019**	**2018**	**2017**	**2016**	**2015**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Revenue	2,628,610	2,381,106	1,858,478	1,661,615	1,793,752
Profit before tax	93,595	60,869	45,547	37,283	60,359
Profit after tax	68,782	43,265	32,632	23,402	46,718
Basic and diluted earnings per share (GH¢ per share)	0.6230	0.4211	0.3117	0.2706	0.4184

Company	**2019**	**2018**	**2017**	**2016**	**2015**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Revenue	2,618,817	2,370,975	1,848,493	1,652,250	1,793,752
Profit before tax	94,152	67,968	49,110	52,158	59,590
Profit after tax	69,339	50,364	36,195	38,277	45,212
Basic and diluted earnings per share (GH¢ per share)	0.6198	0.4502	0.3235	0.3421	0.4041

Financial statements and dividend

The state of affairs of the Group and Company are highlighted below:

	Group	**Company**
	GH¢'000	**GH¢'000**
Profit before tax	93,595	94,152
Profit after tax	68,782	69,339
Total assets	879,627	809,369
Total liabilities	627,594	550,392
Total equity	252,033	258,977

The Directors recommend the payment of a final dividend of GH¢0.0845 per share, amounting to GH¢9,453,359 for the 2019 financial year. This brings the total dividend for the financial year to GH¢0.1539 per share, amounting to GH¢17,217,420 (2018: GH¢0.1399 per share, amounting to GH¢ 15,651,183).

The Directors consider the state of the Group and Company's affairs to be satisfactory.

REPORT OF THE DIRECTORS TO THE MEMBERS OF TOTAL PETROLEUM GHANA LIMITED (CONT'D)

Going concern consideration

The Group's current liabilities exceeded its current assets by GH¢ 124,397,000 (2018: GH¢ 138,244,000) at year ended 31 December 2019. As at that date, the Company's current liabilities also exceeded its current assets by GH¢101,222,000 (2018: GH¢ 112,371,000).

The Directors have negotiated and successfully renewed overdraft facilities with its bankers. The Group and Company have revolving credit lines with its banks. Both the Group and Company have a history of profitability continue to remain profitable. The Directors believe that the Group and Company will be able to realise its assets and settle its liabilities in the ordinary course of business.

Accordingly, the financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that cash flows arising from the normal course of business will be available to finance future operations of both the Group and Company and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

Particulars of entries in the Interests Register during the financial year

No Director had any interest in contracts and proposed contracts with the Group and Company during the year under review, hence there were no entries recorded in the Interests Register as required by sections 194(6),195(1)(a) and 196 of the Companies Act, 2019 (Act 992).

Related party transactions

Information regarding directors' interests in the ordinary shares of the Group and Company and remuneration is disclosed in note 25 to the financial statements. No director has any other interest in any shares or loan stock of any Group company. Other than service contracts, no director had a material interest in any contract to which any Group company was a party during the year. Related party transactions and balances are also disclosed in note 25 to the financial statements.

Audit Committee

The Board Audit Committee comprises of at least three Directors and is headed by an independent, Non- Executive Director. In selecting the members of the Committee, the Board pays particular attention to their financial and accounting qualifications and experience. The principal responsibilities of the Committee include reviewing financial reports, internal audit reports, management letters and other information it requests to be tabled. The Committee holds at least three formal meetings each year, which are also attended by the external auditors. The Committee at its request may meet with the Managing Director, perform inspections and interview managers of the Company at any time it deems appropriate.

Auditor

The Audit Committee has responsibility delegated from the Board of Directors for making recommendations on the appointment, reappointment, removal and remuneration of the external auditor. KPMG has been the auditor of the Group and Company for 14 years.

Audit fees

The audit fees for the year ended 31 December 2019 for the Group was GH¢378,000 and GH¢238,000 for the Company.

REPORT OF THE DIRECTORS TO THE MEMBERS OF
TOTAL PETROLEUM GHANA LIMITED (CONT'D)

Board of Directors
Profile

Non-executive	Qualification	Outside board and management position
Samba Salfal Seye	Phd Engineering: Fluid Mechanics	Executive Vice President of Total Marketing & Services, West Africa
Mr. Kofi Ampim	Masters Degree in International Business	Chairman, Societe General Bank Limited, Belstar Capital Ltd., and Allianz Insurance Co. Ghana Ltd.
Mr. Rexford Adomako-Bonsu	Bsc., M.A., MBA	Executive Director, Worldwide Investment Limited, Ghana
Mr.Wilfried Kondé	Masters Degree in Law	Vice President, Finance & Corporate Affairs, Africa Division of Total Marketing & Services
Mr. Stanislas Mittelman	Masters Degree	Senior Vice-President, Total Marketing & Services, Africa Division
Mr. John M.Ababio	Masters Degree in International Business & Economic Development	Vice Chairman/Senior Partner - PCM Capital Advisors, Ghana
Mrs. Laurette Otchere	B.A, Juris Doctorate Degree	Board Member/Commissioner, State of New Jersey, USA, Director-General, SSNIT, Ghana
Mr. Alain Vedier	LL.B, LL.M	Head of Governance & Financial Control, Total Head Office, Paris – France
Executive		
Mr. Eric Fanchini	Masters Degree in Marketing and International Sales	Ghanstock Limited, Tema Lube Oil Co. Ltd., Road Safety Ltd., Ghana Bunkering Services Ltd.

Biographical information of directors

Age category	Number of directors
Up to – 40 years	-
41 – 60 years	7
Above 60 years	2

REPORT OF THE DIRECTORS TO THE MEMBERS OF
TOTAL PETROLEUM GHANA LIMITED (CONT'D)

Role of the Board

The directors are responsible for the long term success of the Group and Company, determine the strategic direction of the Group and Company and reviews operating, financial and risk performance. There is a formal schedule of matters reserved for the board of directors, including approval of the Group and Company's annual business plan, the Group and Company's strategy, acquisitions, disposals and capital expenditure projects above certain thresholds, all guarantees, treasury policies, the financial statements, the Group and Company's dividend policy, transactions involving the issue or purchase of Group and Company shares, borrowing powers, appointments to the Board, alterations to the memorandum and articles of association, legal actions brought by or against the Group and Company, and the scope of delegations to Board committees, subsidiary boards and the management committee.

The responsibility for the development of policy and strategy and operational management is delegated to the Executive Directors and a Management Committee, which as at the date of this report includes one Executive Director and seven Senior Managers.

Internal control systems

The Directors are responsible for the Group and Company's system of internal control, and for the ongoing review of its effectiveness. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. It can only provide reasonable, and not absolute, assurance against material misstatement or loss. The Audit Committee assists the Board in discharging its review responsibilities. The Directors have reviewed the effectiveness of the internal control systems, including controls related to financial and operational risks identified by the Group and Company as at the reporting date and no significant failings or weaknesses were identified during this review.

Implementation of the Board's directives is delegated through a Management Committee, which comprises the Managing Director and all Heads of Departments. The Management structure has a clear framework and is governed by precise organisational procedures, in which all staff is specifically trained, and which have built-in checks and controls.

Directors' performance evaluation

In line with the Group's policy, a performance evaluation review is undertaken of the Board, its Committees and the Directors individually on an annual basis. The evaluation is conducted by the Board Chairman. The results of the evaluation is shared with all members of the Board. Overall, it was noted that the Board of Directors and its Committees were operating in an effective manner and performing satisfactorily, with no major issues identified.

Professional development and training

A comprehensive induction programme is in place for all new directors which takes into account their previous experience, background and role on the board and is designed to further their knowledge and understanding of the Group and Company and their associated role and responsibilities. All new Directors are provided with key Board, operational and financial information; attend meetings with other members of the Board and senior management; receive briefings and, where necessary, meet Total Petroleum Ghana Limited's major shareholders. Where a new Director is to serve on a Board committee, induction material relevant to the committee is also provided. The Company Secretary assists the Chairman in the co-ordination of induction and ongoing training.

Conflicts of interest

The Group and Company has established appropriate conflicts authorisation procedures, whereby actual or potential conflicts are regularly reviewed and authorisations sought as appropriate. During the year, no such conflicts arose and no such authorisations were sought.

REPORT OF THE DIRECTORS TO THE MEMBERS OF TOTAL PETROLEUM GHANA LIMITED (CONT'D)

Board balance and independence

The composition of the Board of Directors and its Committee is regularly reviewed to ensure that the balance and mix of skills, independence, knowledge and experience is maintained. The continuing independent and objective judgement of the non-Executive Directors has been confirmed by the Board of Directors.

Corporate social responsibility and code of ethics

A total of GH¢649,977 was spent on corporate social responsibility, with key focus on safety, education, health, entrepreneurship and others. Corporate social responsibilities activities and extract of the code of ethics can be found in Appendix 2.

The Group and Company reject fraud and corruption in all its forms and has a robust compliance policy. The Group and Company have an Ethic Officer as well as a Compliance Officer with specific mandates to spearhead efforts towards mitigating compliance risk both internally and with third parties with direct dealings with the Group and Company. There are specific guidelines in relation to non-compliance incidents reporting, creating awareness and enforcing compliance. The Group and Company also conduct both e-learning training as well as awareness seminars and workshops targeting all employees.

Approval of the report of the directors

The report of the directors was approved by the Board of Directors on 27 March 2020 and signed on their behalf by;

....	....
ERIC FANCHINI	**REXFORD ADOMAKO-BONSU**
DIRECTOR	**DIRECTOR**

KPMG **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOTAL PETROLEUM GHANA LIMITED**

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Total Petroleum Ghana Limited ("the Group and Company "), which comprise the statements of financial position as at 31 December 2019, and the statements of profit or loss and other 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 13 to 71.

In our opinion, the accompanying financial statements give a true and fair view of the consolidated and separate financial position of Group and Company as at 31 December 2019, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Ghana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Impairment Allowance on Trade Receivables Refer to Note 17 to the consolidated and separate financial statements	
The key audit matter	How the matter was addressed in our audit
The Group and Company have significant trade receivables with customers in the energy and natural resources industry and other dealer-owned-dealer-operated customers, mostly in the small and medium enterprise scale who are prone to high risk. The existence and recoverability of outstanding amounts from some customers may be in doubt. Given the significance of the trade and receivables balance and the high degree of estimation of the impairment allowance, we consider impairment allowance of trade and receivables to be a key audit matter.	Our principal audit procedures included the following: • Tested the design, implementation and operating effectiveness of the key controls over financial reporting related to the receivables collection processes. We focused on controls over: the recording of credit sales transactions and approval of credit limits; • Evaluated the reasonableness of management's key judgements in estimating ECLs, including selection and application of methods, models, assumptions and data sources; • Assessed the completeness, and accuracy of data used for the ECL computation; • Tested the adequacy of impairment allowance (which was based on the expected credit loss (ECL)) made against trade receivables by assessing management's assumptions and reviewing relevant input data; and • Evaluated the adequacy of disclosures for impairment allowance in accordance with the requirement of IFRS 9 and evaluated the accounting policies and notes in relation to trade and other receivables.

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

TOTAL PETROLEUM GHANA LIMITED

<table>
<tr><td colspan="2">Revenue
Refer to Note 6 to the consolidated and separate financial statements</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Revenue is an important measure in terms of business performance and represents a significant item in the Group and Company's consolidated and separate statement of profit or loss.

The Group and Company have multiple streams of revenue from sale of petroleum products. These products are sold to customers based on negotiated prices resulting in different trading terms for a large number of customers. Revenue is recognised for each transaction based on the negotiated prices.

Given that revenue is an important measure to both Group and Company's performance targets, there's the likelihood to manipulate this measure to achieve a better financial performance.

On account of the above, we consider revenue recognition as a key audit matter.</td><td>Our principal audit procedures included the following:
• Evaluated the design and implementation and tested the operating effectiveness of key controls over the revenue recognition process. We focused on controls over: system access to initiate, process, authorise and record sales transactions; authorization of master price list and system configuration of invoices;
• Reviewed management's assessment of the impact of IFRS 15-Revenue from contracts with customers;
• Tested for fictitious sales by using Computer Assisted Audit Techniques to test for duplicate invoices;
• Performed substantive analytical procedures, by computing an expected sale amount and comparing to the recorded sales and investigating any significant variance;
• Assessed whether sales transactions posted before and after the balance sheet date as well as credit notes issued after year end were recognised in the correct period;
• For a sample of significant sales transactions that had been selected, we traced the transactions back to source documents to ensure that the transactions actually occurred and the amounts were accurate;
• Assessed the adequacy of discounts applied by reviewing contracts and re-computing discounts on selected transactions;
• Assessed the appropriateness of discounts applied to transactions by reviewing credit authorisation forms and re-computing discounts on significant transactions; and
• Evaluated the adequacy of the accounting policies and disclosures on revenue recognition in the consolidated and separate financial statements in accordance with the applicable financial reporting framework.</td></tr>
</table>

Other Information

The Directors are responsible for the other information. The other information comprise the Report of the Directors, as required by the Companies Act, 2019 (Act 992) and Corporate Information which we obtained prior to the date of the auditor's report and the Chairman's Statement which is expected to be made available to us after that date, but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

KPMG **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOTAL PETROLEUM GHANA LIMITED (CONT'D)**

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992), and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Group's and Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate 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 Group and/or Company's to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOTAL PETROLEUM GHANA LIMITED (CONT'D)

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

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

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 137 of the Companies Act, 2019 (Act 992)

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, so far as appears from our examination of those books.

The statements of financial position and profit or loss and other comprehensive income are in agreement with the accounting records and returns.

We are independent of the Company under audit pursuant to Section 143 of the Companies Act, 2019 (Act 992).

The engagement partner on the audit resulting in this independent auditor's report is Labaran Amidu (ICAG/P/1472).

KPMG
....
For and on behalf of:
KPMG: (ICAG/F/2020/038)
CHARTERED ACCOUNTANTS 13 YIYIWA DRIVE,
ABELENKPE
P O BOX GP 242
ACCRA

29 April
.... 2020

TOTAL PETROLEUM GHANA LIMITED

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

		Group	Group	Company	Company
		2019	2018	2019	2018
Assets	**Note**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Property, plant and equipment	12	360,687	314,724	283,068	255,878
Right-of-use-assets	35	73,096	-	73,096	-
Intangible assets and goodwill	13	13,114	13,021	13,036	12,966
Investment in associates	15(a)	3,451	3,475	12	12
Leasehold prepayments	14	-	5,579	-	5,579
Long term leases	26	-	52,775	-	52,775
Long term prepayments	36	1,725	-	1,725	-
Investment in subsidiary	15(b)	-	-	3,274	4,774
Related Party Loan	25	-	-	1,573	-
Total non-current assets		452,073	389,574	375,784	331,984
Inventories	16	73,233	79,720	72,754	79,368
Current tax assets	10(ii)	15,777	15,128	15,777	15,128
Trade and other receivables	17	288,749	297,802	287,657	296,639
Amounts due from related parties	25	1,686	7,606	9,683	13,446
Cash and cash equivalents	18	47,581	55,095	47,186	54,765
		427,026	455,351	433,057	459,346
Assets held for sale	12(b)	528	528	528	528
Total current assets		427,554	455,879	433,585	459,874
Total assets		879,627	845,453	809,369	791,858
Equity					
Stated capital	19(a)	51,222	51,222	51,222	51,222
Retained earnings		198,636	145,295	207,755	154,772
Foreign currency translation reserve		5,375	-	-	-
Non-controlling interest	33	(3,200)	(6,682)	-	-
Total equity		252,033	189,835	258,977	205,994
Liabilities					
Lease liabilities	35	5,571	-	5,571	-
Bank overdraft	18	67,348	75,585	67,348	75,585
Loans and borrowings	22	11,940	19,203	5,188	5,357
Trade and other payables	21	402,211	413,434	399,688	410,795
Amount due to related parties	25	64,881	85,901	57,012	80,508
Total current liabilities		551,951	594,123	534,807	572,245
Lease liabilities	35	7,524	-	7,524	-
Loans and borrowings	22	61,308	54,126	1,250	6,250
Deferred tax liabilities	11	719	2,056	719	2,056
Provisions	23	6,092	5,313	6,092	5,313
Total non-current liabilities		75,643	61,495	15,585	13,619
Total liabilities		627,594	655,618	550,392	585,864
Total liabilities and equity		879,627	845,453	809,369	791,858

These financial statements were approved by the Board of Directors on 27 March 2020 and signed on their behalf by:

……………………………… ………………………………

ERIC FANCHINI **REXFORD ADOMAKO-BONSU**
DIRECTOR **DIRECTOR**

The notes on page 17 to 71 form an integral part of these financial statements.

TOTAL PETROLEUM GHANA LIMITED

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 GH¢'000	Group 2018 GH¢'000	Company 2019 GH¢'000	Company 2018 GH¢'000
Revenue	6	2,628,610	2,381,106	2,618,817	2,370,975
Cost of sales	8	(2,346,176)	(2,156,637)	(2,341,699)	(2,151,974)
Gross profit		282,434	224,469	277,118	219,001
Other income	7	20,524	20,283	20,012	20,279
Impairment loss on trade receivables	24(ii)	(2,444)	(6,058)	(2,444)	(6,058)
General, administrative and selling expense	8	(186,778)	(158,182)	(185,284)	(150,370)
Operating profit before finance costs/income		113,736	80,512	109,402	82,852
Finance income	32	449	651	449	651
Finance costs	32	(20,566)	(20,243)	(15,699)	(15,535)
Share of loss from associate, net of tax	15(a)	(24)	(51)	-	-
Profit before taxation		93,595	60,869	94,152	67,968
Income tax expense	10(i)	(24,813)	(17,604)	(24,813)	(17,604)
Profit for the year		68,782	43,265	69,339	50,364
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign operations - Foreign currency translation differences		9,772	-	-	-
Income tax on other comprehensive income		-	-	-	-
Other comprehensive income for the year		9,772	-	-	-
Total comprehensive income		78,554	43,265	69,339	50,364
Profit attributable to:					
Owners of the company		69,697	47,112	-	-
Non-controlling interest	33	(915)	(3,847)	-	-
Total comprehensive income attributed to:					
Owners of the company		75,072	47,112	-	-
Non-controlling interest		3,482	(3,847)	-	-
Earnings per share					
Basic earnings per share (Ghana cedi per share)	20	0.6230	0.4211	0.6198	0.4502
Diluted earnings per share (Ghana cedi per share)	20	0.6230	0.4211	0.6198	0.4502

The notes on page 17 to 71 form an integral part of these financial statements.

TOTAL PETROLEUM GHANA LIMITED

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

Group	Stated Capital GH¢'000	Retained Earnings GH¢'000	Foreign Currency Translation Reserve GH¢'000	Non-Controlling Interest GH¢'000	Total Equity GH¢'000
Balance at 1 January 2019	51,222	145,295	-	(6,682)	189,835
Total comprehensive income for the year					
Profit for the year	-	69,697	-	(915)	68,782
Exchange differences on translation of foreign operations	-	-	5,375	4,397	9,772
Total comprehensive income for the year	-	69,697	5,375	3,482	78,554
Transaction with equity holders					
Dividends	-	(16,356)	-	-	(16,356)
Total transactions with equity holders	-	(16,356)	-	-	(16,356)
Balance at 31 December 2019	51,222	198,636	5,375	(3,200)	252,033
Balance at 1 January 2018	51,222	113,085	-	(2,835)	161,472
Total comprehensive income for the year					
Profit for the year	-	47,112		(3,847)	43,265
Total comprehensive income for the year	-	47,112	-	(3,847)	43,265
Transaction with equity holders					
Dividends	-	(14,902)	-	-	(14,902)
Total transactions with equity holders	-	(14,902)	-	-	(14,902)
Balance at 31 December 2018	51,222	145,295	-	(6,682)	189,835

Company	Stated Capital GH¢'000	Retained Earnings GH¢'000	Total Equity GH¢'000
Balance at 1 January 2019	51,222	154,772	205,994
Total comprehensive income for the year			
Profit for the year	-	69,339	69,339
Total comprehensive income for the year	-	69,339	69,339
Transaction with equity holders			
Dividends	-	(16,356)	(16,356)
Total transactions with equity holders	-	(16,356)	(16,356)
Balance at 31 December 2019	51,222	207,755	258,977
Balance at 1 January 2018	51,222	119,310	170,532
Total comprehensive income for the year			
Profit for the year	-	50,364	50,364
Total comprehensive income for the year	-	50,364	50,364
Transaction with equity holders			
Dividends	-	(14,902)	(14,902)
Total transactions with equity holders	-	(14,902)	(14,902)
Balance at 31 December 2018	51,222	154,772	205,994

The notes on page 17 to 71 form an integral part of these financial statements.

TOTAL PETROLEUM GHANA LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 GH¢'000	Group 2018 GH¢'000	Company 2019 GH¢'000	Company 2018 GH¢'000
Cash flows from operating activities					
Profit after taxation		68,782	43,265	69,339	50,364
Adjustments for:					
Foreign exchange (gain)/loss		(2,956)	5,536	(1,102)	228
Depreciation of property, plant and equipment	12(a)	39,089	33,944	33,673	28,632
Depreciation of right-of-use assets	35	10,121	-	10,121	-
Amortisation of leasehold prepayment	14	249	328	249	328
Amortisation of intangible assets	13(a)	256	199	238	172
Amortisation of long-term lease	26	176	1,313	176	1,313
Impairment loss on trade receivables	24 (ii)	2,444	6,058	2,444	6,058
Inventory provision	16	4,202	1,553	4,202	1,553
Interest Income	32	(449)	(651)	(449)	(651)
Net provision expense	23	779	-	779	-
Interest expense	32	20,566	20,243	15,699	15,535
Tax expense	10(i)	24,813	17,604	24,813	17,604
Profit on disposal of plant and equipment	12(a) i	(793)	(139)	(793)	(139)
Write of property, plant and equipment	12(a)ii	-	789	-	789
Impairment of investment in subsidiary	15(b)	-	-	1,500	1,500
Share of loss from associate	15(a)	24	51	-	-
		167,303	130,093	160,889	123,286
Change in inventories		2,412	1,105	2,412	1,105
Change in trade and other receivables		1,367	(79,868)	1,154	(80,795)
Change in trade and other payables		(13,781)	83,179	(11,377)	83,902
Change in related companies		(12,960)	3,541	(19,693)	1,763
Cash generated from operations		144,341	138,050	133,385	129,261
Interest received	32	449	651	449	651
Interest paid		(19,054)	(19,746)	(14,050)	(15,178)
Income taxes paid	10(ii)	(26,799)	(17,404)	(26,799)	(17,404)
Net cash flow from operating activities		98,937	101,551	92,985	97,330
Cash flows from investing activities					
Purchase of property, plant and equipment	12(a)	(61,491)	(45,115)	(60,575)	(45,012)
Purchase of software	13(a)	(308)	(22)	(308)	(22)
Proceeds from sale of plant and equipment	12(a) i	1,601	889	1,601	889
Payment for leasehold premium	14	-	(4,455)	-	(4,455)
Loans to related parties		-	-	(1,441)	-
Principal payment for leases contracted	26	-	(15,416)	-	(15,416)
Long term prepayments		(354)	-	(354)	-
Net cash flow used in investing activities		(60,552)	(64,119)	(61,077)	(64,016)
Cash flows from financing activities					
Dividend paid	19(b)	(16,356)	(14,902)	(16,356)	(14,902)
Proceeds from loans	22(b)	-	15,000	-	15,000
Payments for loans	22(b)	(10,762)	(8,963)	(5,000)	(3,750)
Principal elements of lease payments		(10,715)	-	(10,715)	-
Net cash flow used in financing activities		(37,833)	(8,865)	(32,071)	(3,652)
Net (decrease)/increase in cash and cash equivalents		(552)	28,567	(163)	29,662
Balance at 1 January **(Note 18)**		(20,490)	(49,239)	(20,820)	(50,587)
Net increase/(decrease) in cash and cash equivalents		552	28,567	(163)	29,662
Effect of foreign exchange fluctuation on cash held		171	182	821	105
Cash and cash equivalents as at 31 December (Note 18)		(19,767)	(20,490)	(20,162)	(20,820)

The notes on page 17 to 71 form an integral part of these financial statements.

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. REPORTING ENTITY

Total Petroleum Ghana Limited ("the Company") is a company registered and domiciled in Ghana. The address of the Company's registered office is Total House, 25 Liberia Road, Accra. The Company is authorised to carry on the business of marketing petroleum and allied products. The financial statements of the Company as at and for the year ended 31 December 2019 comprise the separate financial statements and the consolidated financial statements of the Company and its subsidiary, (together referred to as the 'Group') and the Group's interest in associate. The separate financial statements as at and for the year ended 31 December 2019 comprise the financial statements of the Company.
Total Petroleum Ghana Limited is listed on the Ghana Stock Exchange.

2. BASIS OF ACCOUNTING

a. Statement of compliance

The consolidated and separate financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 2019 (Act 992).

The Company was in compliance with the requirements of the Companies Act, 1973 (Act 179) until it was replaced with a new Companies Act, 2019 (Act 992) on 2 August 2019.

This is the first set of the Group and Company's annual financial statements in which IFRS 16 Leases has been applied. The application of this new accounting standard resulted in changes to accounting policies which are described in Note 3.3.

b. Basis of measurement

These financial statements have been prepared under the historical cost convention.

c. Functional and presentation currency

These financial statements are presented in Ghana cedis (GH¢) which is the Company's functional currency. All financial information presented in Ghana cedi has been rounded to the nearest thousand, unless otherwise indicated.

d. Use of estimates and judgement

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements
Information about judgements made in applying the accounting policies that have the most significant effects on the amounts recognised in these financial statements is included in the following notes:

- Notes 36 – lease term: whether the Group and Company are reasonably certain to exercise extension options.

Assumptions and estimation uncertainties
Information about assumptions and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 4 – determination of fair values
- Note 11 – recognition of deferred tax assets
- Note 15(b) –-impairment test of investment in subsidiary: key assumptions underlying recoverable amount
- Note 23 – measurement of defined benefit obligation: key assumptions
- Note 24(ii) – measurement of Expected Credit Loss (ECL) allowance for trade receivables: key assumptions about the likelihood and magnitude of an outflow of resources.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except if mentioned otherwise. All accounting policies relate to both Group and Company.

3.1. Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date - i.e. when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they relate to the issue of debt or equity securities.

The consideration transferred does not include amounts that relate to the settlement of pre-existing relationships, such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The financial statements of the subsidiary used to prepare the consolidated financial statements were prepared as of the Company's reporting date.

(ii) Non controlling interests

Non controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidation financial statements from the date on which control commences until the date on which control ceases. Investment in subsidiaries are measured at cost less any impairments in the separate financial statements of the Company.

(iv) Loss of control

When the group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Interests in equity accounted investees

The Group's interests in equity accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Interests in associates are accounted for using the equity method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1. Basis of consolidation (cont'd)

They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, until the date on which significant influence ceases.

In the separate financial statements, investment in associates are measured initially at cost. Subsequently, they are measured at cost less any impairment. Cost also includes direct attributable costs of investment.

(vi) Transactions eliminated on consolidation

Intra group balances and transactions, and any unrealised income and expenses arising from intra group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all the periods presented in these financial statements and have been applied consistently by Group entities except otherwise indicated.

a. Financial instruments

All financial assets and liabilities are recognised in the statements of financial position and measured in accordance with their assigned category.

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group and Company become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair values plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

(i) Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group and Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3.2 Summary of significant accounting policies (cont'd)

a. Financial instruments (cont'd)

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Group and Company may irrevocably designate a financial asset that otherwise meets the requirement to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(ii) Financial assets - Business model assessmet

The Group and Company make an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group and Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group and Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

(iii) Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs {e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group and Company consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group and Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group and Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

a. Financial instruments (cont'd)

(iv) Financial assets - Subsequent measurement and gains and loss

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit orloss.

(v) Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. These financial liabilities comprise trade and other payables, loans and borrowings, bank overdrafts and due to related parties. These liabilities are recognized initially on the date at which the Group becomes a party to the contractual provision of the instrument. All financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

(vi) Financial assets

The Group and Company derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(vii) Financial liabilities

The Group and Company derecognise a financial liability when its contractual obligations are discharged or cancelled or expire. The Group and Company also derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non cash assets transferred or liabilities assumed) is recognised in profit or loss.

(viii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under applicable accounting standards, or for gains and losses arising from a Group or Company of similar transactions such as in the Group's and Company's trading activity.

b. Impairment

Financial instruments and contract assets

The Group and Company recognise loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

The Group and Company measure loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured at 12-month ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

b. Impairment (cont'd)

Financial instruments and contract assets (cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group and Company's historical experience and informed credit assessment and including forward-looking information.

The Group and Company assume that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group and Company consider a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group and Company in full due to bankruptcy

- there are adverse changes in the payment status of debtors

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group and Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group and Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off when the Group and Company have no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group and Company individually make an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group and Company expect no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group and Company's procedures for recovery of amounts due.

Non-financial assets

At each reporting date, the Group and Company review the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

b. Impairment (cont'd)

Non-financial assets (cont'd)

For impairment testing, assets are grouped into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash flows of other assets or cash generating units (CGUs).
Goodwill arising on business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.
The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are first allocated to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

c. Leases

Policy applicable before 1 January 2019

(i) Leased assets

Assets held by the Group under leases that transfer to the Group substantially all the risks and rewards of ownership of the underlying asset are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Subsequent to initial recognition, the leased asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are classified as operating leases and are not recognized in the Group and Company's statement of financial position.

(ii) Lease payments

Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Minimum lease payments made under finance leases are apportioned between the finance expense and a reduction of the outstanding lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Policy applicable from 1 January 2019

The Group and Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

To assess whether a contract conveys the right to control the use of an identified asset, the Group and Company use the definition of a lease in IFRS 16. This policy is applied to contracts entered into (or changed) on or after 1 January 2019.

Group and Company acting as a lessee

The Group and Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

c. Lease (cont'd)

Policy applicable from 1 January 2019 (cont'd)

i) Right-of-use assets

The Group and Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land and leasehold properties	2 to 50 years
Motor vehicles and other equipment	2 to 4 years

If ownership of the leased asset transfers to the Group and Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment, if any, and adjusted for certain remeasurements of the lease liability. Refer to the accounting policies in section 3.2.(b) Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group and Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of- use asset has been reduced to zero.

The Group and Company present right-of-use assets and lease liabilities separately in the statement of financial position.

(c) Lease (cont'd)

Policy applicable from 1 January 2019 (cont'd)

iii) Short-term leases and leases of low-value assets

The Group and Company has elected not to recognise right of use assets and lease liabilities for leases of low value assets and short term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group and Company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Group and Company acting as a lessor

At inception or on modification of a contract that contains a lease component, the Group and Company allocate the consideration in the contract to each lease component on the basis of their stand alone prices.
When the Group and Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and Company make an overall assessment of whether the lease transfer substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group and Company consider certain indicators such as whether the leases are for the major part of the economic life of the asset.

When the Group and Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains a lease and non-lease components, then the Group and Company apply IFRS 15 to allocate the consideration in the contract.

The Group and Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of other income.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

The Group and Company apply the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group and Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Generally, the accounting policies applicable to the Group and Company as a lessor in the comparative period were not different from IFRS 16.

d. Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are initially recognised at cost and subsequently measured at cost less accumulated depreciation and any impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.
When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(d) Property, plant and equipment (cont'd)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant or equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

Distribution and Service Station Plants	-	10 -20 years
Furniture, Equipment and Motor Vehicles	-	5 -20 years
Leasehold properties	-	20 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

(iv) Capital work in progress

Property, plant, and equipment under construction is stated at initial cost and depreciated from the date the asset is made available for use over its estimated useful life. Assets are transferred from capital work in progress to an appropriate category of property, plant and equipment when commissioned and ready for its intended use.

(v) Derecognition

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected to flow to the group from either their use or disposal. The gain or loss on disposal of an item of property, plant, and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property, plant, and equipment, and is recognised in other income/other expenses in profit or loss.

e. Intangible assets and goodwill

(i) Recognition and measurement

Software acquired by the Group is initially recognised at cost and subsequently stated at cost less accumulated amortisation and accumulated impairment losses.

Goodwill arising on acquisition of subsidiaries represents the excess of acquisition costs over the Group's interest in the fair value of net identifiable assets acquired. Goodwill is measured at cost less any accumulated

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(iii) Amortization

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight line method over their estimated useful lives, from the date that it is available for use. Amortisation is generally recognised in profit or loss. Goodwill is not amortised, rather it is reviewed for impairment annually. Any impairment loss is charged to profit or loss.

The estimated useful life of software is four years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Derecognition

Intangible assets are derecognised upon disposal or when no future economic benefits are expected to flow to the Group from either their use or disposal. Gains or losses on derecognition of an intangible asset are determined by comparing the proceeds from disposal, if applicable, with the carrying amount of the intangible asset and are recognised directly in profit or loss.

f. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

g. Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss depending on whether the net exchange differences results in a gain or loss. Non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into Ghana Cedis at the spot exchange rates at the reporting date. The income and expenses of foreign operations are translated into Ghana Cedis at the average exchange rates for the period.

Foreign currency differences arising on the translation are recognised in other comprehensive income and accumulated in the foreign currency translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of, the cumulative amount in the translation reserve relating to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

h. Employee benefits

Short term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans
A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contribution schemes are recognised as an expense in profit or loss when they are due.

The Group has the following defined contribution schemes:

Social Security and National Insurance Trust
Under a national pension scheme, the Group contributes 13% of employees' basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions under the terms of the National Pensions Act 2008 (Act 766). The Group's obligation is limited to the relevant contributions, which have been recognised in the financial statements. The pension liabilities and obligations, however, rest with SSNIT.

Provident fund (Defipro)
The Group has a provident fund scheme for staff under which the Group contributes 10% of staff basic salary. The obligation under the plan is limited to the relevant contributions which have been recognised in the financial statements and are settled on due dates to the fund manager.

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Termination benefits
Termination benefits are expensed at the earlier of when the Group and Company can no longer withdraw the offer of those benefirs and when the Group and Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

Other long-term employee benefits
The Group's obligation in respect to long-term employee benefits is the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Other post-employment obligations
The Group and Company provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age.
The expected costs of these benefits are accrued over the period of employment by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. These costs are included in general, administrative and selling expenses in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries using the projected unit credit method.

i. Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at pre tax rates that reflect risks specific to the liability.

j. Revenue

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue from sale of petroleum products is recognised at the point in time when control of the asset is transferred to the customer, generally when customers lift petroleum products from designated depots and/or when products are delivered.

Customers have up to seven (7) days from the date of delivery to report in writing any defects in product or short delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of petroleum products, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group and Company have an average of thirty (30) days credit policy.

k. Finance income and costs

Finance income comprises interest income on funds invested and dividend income. Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

l. Income tax

Income tax expense comprises current and deferred tax. The Group provides for income taxes at the current tax rates on the taxable profits of the Group.
Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income respectively.

(i) Current tax

Current tax is the expected tax payable or receivable on taxable income or losses for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of

l. Income tax (cont'd)

(i) Current tax (cont'd)

current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

(iii) Deferred tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

m. Dividend

Dividends on ordinary shares are recognized in the period in which they are approved by the shareholders. Dividend proposed which is yet to be approved by shareholders, is disclosed by way of notes.

n. Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment results that are reported to the managing director include items directly attributed to a segment as well as those that can be allocated on a reasonable basis.

o. Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

p. Stated capital

The Group and Company's stated capital is not redeemable by holders in the normal course of business and bears an entitlement to distributions that is non-cumulative and at the discretion of the Directors. Accordingly, they are presented as a component of issued capital within equity. .Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as deduction from stated capital.

q. Borrowing costs

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the costs of those assets, until such time as the assets are substantially ready for their intended use.
Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

r. Non-current assets held for sale

The Group and Company classy non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.
Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

s. Cash and cash equivalents

Cash and cash equivalents per the statement of cash flows comprise cash on hand, bank balances and bank overdraft.

t. Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group and Company account for its interest in a joint operation by recognizing its assets, including its share of any assets held jointly, its liabilities, including its share of any liabilities incurred jointly, its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of output by the joint operation, and its expenses, including its share of any expenses incurred jointly.

u. Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group and Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes.

3.3. Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group and Company applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below:

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated and separate financial statements of the Group and Company. The Group and Company have not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases

The Group and Company applied IFRS 16 using the modified retrospective approach under which the measurement option for right -of-use (RoU) assets was based on lease liabilities adjusted for prepayments and accrued payments. Due to the application of this option, the RoU asset at 1 January 2019 was equal to the lease liabilities adjusted by the amount of any prepaid and accrued lease payments, hence no impact on retained earnings was recorded. Accordingly, the comparative information presented for 2018 is not restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group and Company are the lessor.

Definition of a lease

Previously, the Group and Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Group and Company now assess whether a contract is or contains a lease based on the definition of a lease as explained in Note 3c.

On transition to IFRS 16, the Group and Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group and Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFIRC 4 were not reassessed for whether there is a lease under IFRS 16.

(i) As a lessee

As lessees, the Group and Company lease some distribution and service stations, leasehold properties and motor vehicles.. The Group and Company previously classified these leases as operating leases under IAS 17 based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group and Company. Under IFRS 16, the Group and Company recognise right-of-use assets and lease liabilities for these leases –i.e. these leases are on-balance sheet.

On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group and Company's incremental borrowing rate as at 1 January 2019 (See Note 3c)

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The Group and Company have tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of use assets are impaired.

3.3. Changes in accounting policies and disclosures (cont'd)

IFRS 16 Leases (cont'd)

The Group and Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group and Company:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous under IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review;
- did not recognise right-of-use assets and liabilities for leases which the term ends within 12 months of the date of initial application; and
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

The effect of adoption IFRS 16 as at 1 January 2019 (increase/(decrease)) is, as follows:

	GH¢'000
Assets	
Right-of-use assets	73,686
Leasehold prepayments	(4,234)
Long term leases	(51,228)
Trade and other receivables (prepayments)	(5,737)
Total assets	12,487
Liabilities	
Lease liabilities	12,487
Total liabilities	12,487
Total adjustment on equity:	
Retained earnings	-

When measuring lease liabilities for leases that were classified as operating leases, the Group and Company discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 18% for GH¢ leases respectively

	1 January 2019
Operating lease commitments as disclosed in the financial statements at 31 December 2018	31,772
Discounted using the incremental borrowing rate at 1 January 2019	12,936
Recognition exemption for leases of low value items	-
Recognition exemption for short term leases (including leases of less than 12 months of lease term at transition)	(449)
Lease liabilities recognized at 1 January 2019	12,487

(ii) As a lessor

The Group and Company leases land and leasehold properties. The lease Group and Company classified these leases as operating leases. The Group and Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease.

The Group and Company sub-leases its land. Under IAS 17, the head leases and sub-lease contracts were classified as operating leases. On transition to IFRS 16, the right-of-use assets recognized from the head leases are presented in Right-of-use Assets. The Group and Company assessed the classification of the sub-lease contracts with reference to the right-of-use asset rather than the underlying asset and concluded that they are finance lease.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases. Refer to Note 3 (d) Leases for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group and Company.

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3.4. New standards and interpretations issued not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group and Company's financial statements are disclosed below. The Group and Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Those that are relevant to the Group and Company's financial statements are outlined below:

Standard/Interpretation	Effective date Periods beginning on or after
Amendments to IFRS 3: Definition of a Business	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020
Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group and Company's consolidated and separate financial statements will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across
the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments to the definition of material is not expected to have a significant impact on the Group and Company's consolidated and separate financial statements.

Amendments to References to Conceptual Framework in IFRS Standards

The IASB revised the Conceptual Framework because certain important issues were not covered, and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. It is not expected that this will impact the Group and Company significantly.

4. DETERMINATION OF FAIR VALUES

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group and Company have access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group and Company measure the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group and Company use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group and Company determine that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. If transaction is with the Shareholder, then the difference between the transaction price and the fair value is recognised directly in equity.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group and Company measure fair values using the following fair value hierarchy, which reflects the significance of inputs used in making the measurements.

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

If inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group and Company recognized transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in determining fair values is included in note 24 (iv) financial risk management.

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. SEGMENT REPORTING

The Group and Company have three main business divisions which are reportable segments. Segment information is presented in respect of the Group and Company's business segments. The primary format and business segments are based on the Group and Company's management and internal reporting structure.

The following describes the operations of each reportable segment.

Reportable segments	**Operations**
Network	Product sales to the Group's service stations.
Commercial	Product sales to the Group's consumer customers.
Others	Product sales to all other customers apart from Network and Commercial customers

The Group and Company's results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses which are managed centrally.

The Group and Company does not have a geographical segment. Information related to each reportable segment is set out below:

	Network	**Commercial**	**Others**	**Group 2019 Total**	**Company 2019 Total**	
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	
Revenue	1,930,010	508,232	190,368	2,628,610	2,618,817	**
Cost of sales	(1,729,434)	(438,825)	(177,917)	(2,346,176)	(2,341,699)	**
Gross profit	200,576	69,407	12,451	282,434	277,118	
Other income				20,524	20,012	
Results before expenses and other charges				302,958	297,130	
Unallocated expenses				(189,222)	(189,228)	
Impairment of subsidiary				-	(1,500)	
Results from operating activities				113,736	109,402	
Net finance costs				(20,117)	(15,250)	
Share of profit from associate				(24)	-	
Profit before tax				93,595	94,152	
Income tax				(24,813)	(24,813)	
Profit for the year				68,782	69,339	
Total assets				879,627	809,369	
Total Liabilities				627,594	550,392	
Other segment items						
Depreciation and amortisation				45,549	44,456	

****Company 2019**

	Network	**Commercial**	**Others**	**Total**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Revenue	1,930,010	508,232	180,575	2,618,817
Cost of sales	(1,729,434)	(438,825)	(173,440)	(2,341,699)
Gross Profit	200,576	69,407	7,135	277,118

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. SEGMENT REPORTING (CONT'D)

	Network GH¢'000	Commercial GH¢'000	Others GH¢'000	Group 2018 Total GH¢'000	Company 2018 Total GH¢'000
Revenue	1,692,884	543,660	144,562	2,381,106	2,370,975**
Cost of sales	(1,554,023)	(476,801)	(125,813)	(2,156,637)	(2,151,974)**
Gross profit	138,861	66,859	18,749	224,469	219,001
Other income				20,283	20,279
Results before expenses and other charges				244,752	239,280
Unallocated expenses				(164,240)	(154,928)
Impairment of subsidiary				-	(1,500)
Results from operating activities				80,512	82,852
Net finance costs				(19,592)	(14,884)
Share of profit from associate				(51)	-
Profit before tax				60,869	67,968
Income tax				(17,604)	(17,604)
Profit for the year				43,265	50,364
Total assets				845,453	791,858
Total Liabilities				655,618	585,864
Other segment items					
Depreciation and amortisation				31,294	30,445

****Company 2018**

	Network GH¢'000	Commercial GH¢'000	Others GH¢'000	Total GH¢'000
Revenue	1,692,884	543,660	134,431	2,370,975
Cost of sales	(1,554,023)	(476,801)	(121,150)	(2,151,974)
Gross Profit	138,861	66,859	13,281	219,001

6. REVENUE

	Group 2019 GH¢'000	Group 2018 GH¢'000	Company 2019 GH¢'000	Company 2018 GH¢'000
Network	1,930,010	1,692,884	1,930,010	1,692,884
Commercial	508,232	543,660	508,232	543,660
Others	190,368	144,562	180,575	134,431
Gross sales value	2,628,610	2,381,106	2,618,817	2,370,975

7. OTHER INCOME

	Group 2019 GH¢'000	Group 2018 GH¢'000	Company 2019 GH¢'000	Company 2018 GH¢'000
Rent income	7,548	3,488	7,573	3,488
Profit on disposal of plant and equipment	793	139	793	139
Sundry income	12,183	16,656	11,646	16,652
	20,524	20,283	20,012	20,279

Sundry income represents income from services provided at the network stations and fees charged for managing fuel depots of mining customers.

8. PROFIT BEFORE TAXATION

is stated after charging

	Group 2019 GH¢'000	Group 2018 GH¢'000	Company 2019 GH¢'000	Company 2018 GH¢'000
Cost of sales				
Inventory movement	1,431,287	1,359,260	1,431,287	1,359,260
Transportation	101,952	75,412	101,952	75,412
Import duties	696,163	627,531	696,163	627,531
Other costs**	116,774	94,434	112,297	89,771
	2,346,176	2,156,637	2,341,699	2,151,974
General, administrative and selling expense				
Personnel costs (**note 9**)	44,696	37,815	43,248	36,583
Auditor's remuneration	378	284	238	194
Depreciation of PPRE and ROU assets	44,869	29,453	43,794	28,632
Amortisation of software and leasehold prepayment	505	528	487	500
Directors' emoluments	1,883	1,405	1,883	1,405
Donations	3,086	1,576	3,086	1,576
Technical assistance	17,006	16,967	17,006	16,967
Maintenance cost	19,819	14,444	19,684	14,318
Rental cost	4,890	14,689	4,807	14,611
Other cost	49,646	41,021	51,051	35,584
	186,778	158,182	185,284	150,370

** Other costs in cost of sales for the Group include depreciation of GH¢ 4,342,000 (2018: GH¢ 4,490,000) on plant and machinery for the subsidiary.

9. PERSONNEL COSTS

	Group 2019 GH¢'000	Group 2018 GH¢'000	Company 2019 GH¢'000	Company 2018 GH¢'000
Wages and salaries	28,447	25,196	27,265	24,221
Social security contributions	1,737	1,600	1,707	1,561
Provident fund (Defipro)	1,302	1,084	1,302	1,084
Other staff expenses	13,210	9,935	12,974	9,717
	44,696	37,815	43,248	36,583

Other staff expenses includes training and medical expenses.

The average number of persons employed by the Group and Company during the year was 215 (2018: 202) and 195 (2018: 182) respectively.

10. TAXATION

(i) Income tax expense

	Group 2019 GH¢'000	Group 2018 GH¢'000	Company 2019 GH¢'000	Company 2018 GH¢'000
Current tax expense (note 10(ii))	26,150	17,806	26,150	17,806
Deferred tax credit (note 11)	(1,337)	(202)	(1,337)	(202)
	24,813	17,604	24,813	17,604

Deferred tax credit relates to the origination and reversals of temporary differences.

Group and Company

(ii) Taxation payable/(receivable)

2019	Balance at 1 Jan GH¢'000	Other adjustments GH¢'000	Payments during the year GH¢'000	Charged to P/L account GH¢'000	Balance at 31 Dec GH¢'000
Up to 2014	(4,204)	-	-	-	(4,204)
2015	544	-	-	-	544
2016	(926)	-	-	-	(926)
2017	(2,691)	-	-	-	(2,691)
2018	(7,639)	-	-	-	(7,639)
2019	-	-	(26,280)	26,150	(130)
Withholding tax	(183)	-	(519)	-	(702)
National reconstruction levy	(29)	-	-	-	(29)
	(15,128)	-	(26,799)	26,150	(15,777)

2018	Balance at 1 Jan GH¢'000	Other adjustments GH¢'000	Payments during the year GH¢'000	Charged to P/L account GH¢'000	Balance at 31 Dec GH¢'000
Up to 2013	69	-	-	(69)	-
2014	(4,204)	-	-	-	(4,204)
2015	2,699	-	-	(2,155)	544
2016	(926)	-	-	-	(926)
2017	(2,494)	-	-	(197)	(2,691)
2018	-	(11,285)	(16,581)	20,227	(7,639)
Withholding tax	(10,645)	11,285	(823)	-	(183)
National reconstruction levy	(29)	-	-	-	(29)
	(15,530)	-	(17,404)	17,806	(15,128)

Other adjustments: This represents tax credit certificates which have been filed with the tax authorities. The tax assets/liabilities are subject to agreement with the tax authorities.

National Reconstruction Levy: This relates to a levy imposed on companies by the Government on profits before tax between 2001 and 2005. This levy has been abolished.

10. TAXATION (CONT'D)

(i) Reconciliation of effective tax rate

	Group 2019 GH¢'000	Group 2018 GH¢'000	Company 2019 GH¢'000	Company 2018 GH¢'000
Profit before taxation	93,595	60,869	94,152	67,968
Income tax using the domestic tax rate (25%)	23,399	15,217	23,538	16,992
Non-deductible expenses	1,414	4,808	1,275	3,033
Over provision in prior years	-	(2,421)	-	(2,421)
Total tax charge	24,813	17,604	24,813	17,604
Effective tax rate	27%	29%	26%	26%

11. DEFERRED TAXATION

	Group 2019 GH¢'000	Group 2018 GH¢'000	Company 2019 GH¢'000	Company 2018 GH¢'000
Balance at 1 January	2,056	2,258	2,056	2,258
Charge to profit or loss for the year	(1,337)	(202)	(1,337)	202)
Balance at 31 December	719	2,056	719	2,056

Recognised deferred tax assets and liabilities are attributable to the following:

2019
Group and Company

	Net Balance At 1 Jan GH¢'000	Recognised in profit of loss GH¢'000	Net Balance At 1 Dec GH¢'000	Deferred tax assets GH¢'000	Deferred tax liabilities GH¢'000
Property, plant and equipment	10,460	719	11,179	-	11,179
Provisions	(8,404)	(1,794)	(10,198)	(10,198)	-
Leases	-	(262)	(262)	(262)	-
Net tax (assets)/liabilities	2,056	(1,337)	719	(10,460)	11,179

2018
Group and Company

	Net Balance At 1 Jan GH¢'000	Recognised in profit of loss GH¢'000	Net Balance At 1 Dec GH¢'000	Deferred tax assets GH¢'000	Deferred tax liabilities GH¢'000
Property, plant and equipment	8,384	2,076	10,460	-	10,460
Provisions	(6,126)	(2,278)	(8,404)	(8,404)	-
	2,258	(202)	2,056	(8,404)	10,460

The Group has unrecognized net deductible temporary differences that arose in Ghanstock of GH¢ 22,759,683 (2018: GH¢ 17,951,592). Deferred tax assets of GH¢ 5,689,921 (2018: GH¢ 4,487,898) have not been recognised in respect of deductible temporary differences as they may not be used to offset taxable profits elsewhere in the Group. Ghanstock may not have taxable profit available against which the temporary differences will be utilized. There are also no other tax planning opportunities or other evidence of recoverability in the near future.

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. PROPERTY, PLANT AND EQUIPMENT

a. Reconciliation of carrying amount

Group **2019**	**Leasehold properties**	**Distribution Service station plants**	**Motor vehicles**	**Furniture & Equipment**	**Capital work-in-progress**	**Total**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Cost						
At 1/1/2019	98,903	294,722	9,523	16,378	39,340	458,866
Additions	2,927	13,747	430	1,674	42,713	61,491
Transfers	4,952	25,984	872	585	(32,393)	-
Disposals	(71)	(1,014)	(566)	(114)	-	(1,765)
Reclassification (Note 14)	1,776	-	-	-	-	1,776
Foreign exchange difference	-	29,676	-	106	69	29,851
At 31/12/2019	108,487	363,115	10,259	18,629	49,729	550,219
Accumulated depreciation						
At 1/1/2019	28,313	98,356	6,938	10,535	-	144,142
Charge for the year	6,118	29,200	1,907	1,864	-	39,089
Released on disposals	(56)	(448)	(360)	(93)	-	(957)
Reclassification (Note 14)	680	-	-	-	-	680
Foreign exchange difference	-	6,517	(24)	85	-	6,578
At 31/12/2019	35,055	133,625	8,461	12,391	-	189,532
Carrying amount						
At 31/12/2019	73,432	229,490	1,798	6,238	49,729	360,687

Group **2018**	**Leasehold properties** **GH¢'000**	**Distribution Service station plants** **GH¢'000**	**Motor vehicles** **GH¢'000**	**Furniture & Equipment** **GH¢'000**	**Capital work-in-progress** **GH¢'000**	**Total** **GH¢'000**
Cost						
At 1/1/2018	87,095	251,087	8,983	14,324	55,330	416,819
Additions	5,143	16,011	596	658	22,707	45,115
Transfers	8,019	29,203	-	1,475	(38,697)	-
Disposals	(28)	(1,058)	(56)	(67)	-	(1,209)
Write off	(605)	(521)	-	(12)	-	(1,138)
Assets held for sale	(721)	-	-	-	-	(721)
At 31/12/2018	98,903	294,722	9,523	16,378	39,340	458,866
Accumulated depreciation						
At 1/1/2018	23,235	74,266	4,963	8,735	-	111,199
Charge for the year	5,427	24,699	1,998	1,820	-	33,944
Released on disposals	(25)	(396)	(23)	(15)	-	(459)
Write off	(131)	(213)	-	(5)	-	(349)
Assets held for sale	(193)	-	-	-	-	(193)
At 31/12/2018	28,313	98,356	6,938	10,535	-	144,142
Carrying amount						
At 31/12/2018	70,590	196,366	2,585	5,843	39,340	314,724

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

a. Reconciliation of carrying amount (cont'd)

Company 2019	**Leasehold properties GH¢'000**	**Distribution Service station plants GH¢'000**	**Motor vehicles GH¢'000**	**Furniture & Equipment GH¢'000**	**Capital work-in-progress GH¢'000**	**Total GH¢'000**
Cost						
At 1/1/2019	98,857	219,533	11,124	14,334	39,535	3 83,383
Additions	2,927	13,282	430	1,640	42,296	60,575
Transfers	4,952	25,984	872	585	(32,393)	-
Disposals	(71)	(1,014)	(566)	(114)	-	(1,765)
Reclassification (Note 14)	1,776	-	-	-	-	1,776
At 31/12/2019	108,441	257,785	11,860	16,445	49,438	443,969
Accumulated depreciation						
At 1/1/2019	27,196	83,211	7,052	10,046	-	127,505
Charge for the year	6,118	23,904	1,833	1,818	-	33,673
Released on disposals	(56)	(448)	(360)	(93)	-	(957)
Reclassification (Note 14)	680	-	-	-	-	680
At 31/12/2019	33,938	106,667	8,525	11,771	-	160,901
Carrying amount						
At 31/12/2019	74,503	151,118	3,335	4,674	49,438	283,068

Company 2018	**Leasehold properties GH¢'000**	**Distribution Service station plants GH¢'000**	**Motor vehicles GH¢'000**	**Furniture & Equipment GH¢'000**	**Capital work-in-progress GH¢'000**	**Total GH¢'000**
Cost						
At 1/1/2018	87,049	175,920	10,584	12,282	55,604	341,439
Additions	5,143	15,989	596	656	22,628	45,012
Transfers	8,019	29,203	-	1,475	(38,697)	-
Disposals	(28)	(1,058)	(56)	(67)	-	(1,209)
Write off	(605)	(521)	-	(12)	-	(1,138)
Assets held for sale	(721)	-	-	-	-	(721)
At 31/12/2018	98,857	219,533	11,124	14,334	39,535	383,383
Accumulated depreciation						
At 1/1/2018	22,118	64,319	5,133	8,304	-	99,874
Charge for the year	5,427	19,501	1,942	1,762	-	28,632
Released on disposals	(25)	(396)	(23)	(15)	-	(459)
Write off	(131)	(213)	-	(5)	-	(349)
Assets held for sale	(193)	-	-	-	-	(193)
At 31/12/2018	27,196	83,211	7,052	10,046	-	127,505
Carrying amount						
At 31/12/2018	71,661	136,322	4,072	4,288	39,535	255,878

12(a) i. Profit on disposal of property, plant and equipment

	Group and company	
	2019	2018
	GH¢'000	GH¢'000
Cost	1,765	1,209
Accumulated depreciation	(957)	(459)
Net book value	808	750
Sale proceeds	(1,601)	(889)
Profit on disposal	(793)	(139)

12(a) ii. Write off of property, plant and equipment

Group and Company

	2019	2018
	GH¢'000	GH¢'000
Cost	-	1,138
Accumulated depreciation	-	(349)
Net book value	-	789

Write off of property, plant and equipment represents damaged assets with no market or scrap value. The write off charge of GH¢ 789,000 was recorded within general, administrative and selling expenses in the statement of profit or loss.

12(a) iii. Assets under construction (capital work-in-progress)

The balance of GH¢ 49,438,000 (2018: GH¢39,535,000) relates to the construction of new service stations and major renovations to existing service stations.

12(a) iv. Security

Ghanstock Limited's Tank Farm, amounting to GH¢59,862,000 has been pledged as a security for the bank loan (see note 22). The Company's land with property title number WR.412/13 situated at Takoradi, Ghana has been pledged as a security for the loan obtained by Ghanstock Limited.

12(b). Assets held for sale

Assets held for sale represent some leasehold properties owned by the Group and Company. The Group and Company considered these assets to meet the criteria to be classified as held for sale at the reporting date for the following reasons:

- The Board of Directors of the Group and Company approved the plan to sell on 29 May 2018.
- The properties are available for immediate sale and can be sold to the buyer in their current condition
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification

The properties classified as held for sale as at 31 December and reported under current assets are, as follows:

	Group and Company	
	2019	2018
	GH¢'000	GH¢'000
Cost	721	721
Accumulated depreciation	(193)	(193)
Net book value	528	528

13. INTANGIBLE ASSETS AND GOODWILL

	Company			
	2019	**2018**	**2019**	**2018**
Group				
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Software (Note 13[a])	1,031	938	953	883
Goodwill (Note 13[b])	12,083	12,083	12,083	12,083
	13,114	13,021	13,036	12,966

(a) Software
Group

	2019	**2018**
Cost	**GH¢'000**	**GH¢'000**
Balance at 1 January	3,030	3,008
Additions	308	22
Foreign exchange difference	53	-
Balance at 31 December	3,391	3,030
Amortisation		
Balance at 1 January	2,092	1,893
Amortsation for the year	256	199
Foreign exchange difference	12	-
Balance at 31 December	2,360	2,092
Carrying amount at 31 December	1,031	938

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Company

	2019 GH¢'000	2018 GH¢'000
Cost		
Balance at 1 January	2,892	2,870
Additions	308	22
Balance at 31 December	3,200	2,892
Amortisation		
Balance at 1 January	2,009	1,837
Amortisation for the year	238	172
Balance at 31 December	2,247	2,009
Carrying amount		
At 31 December	953	883

(b) Goodwill

	Group and company	
	2019 GH¢'000	2018 GH¢'000
Cost		
Balance at 1 January	15,092	15,092
Balance at 31 December	15,092	15,092
Impairment		
Balance at 1 January	3,009	3,009
Balance at 31 December	3,009	3,009
Carrying amount		
At 31 December	12,083	12,083

This relates to goodwill arising on the acquisition of Mobil Ghana Limited in 2006.

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. LEASEHOLD PREPAYMENTS

	Group and Company	
	2019	**2018**
Cost	**GH¢'000**	**GH¢'000**
Balance at 1 January	6,231	1,776
Recognition of Right-of-use assets on transition (Note 3.3)	(4,455)	-
Adjusted Balance at 1 January	(1,776)	1,776
Additions	-	4,455
Reclassification to PPE**	(1,776)	-
Balance at 31 December	-	6,231
Amortisation		
Balance at 1 January	652	324
Amortisation associated with Right-of-use assets on transition (Note 3.3)	(221)	-
Adjusted Balance at 1 January	431	324
Amortisation associated with Right-of-use assets on transition (Note 3.3)	249	328
Reclassification to PPE**	(680)	-
Balance at 31 December	-	652
Carrying amount		
At 31 December	-	5,579

**Reclassified amounts mainly represent service stations which were outrightly purchased previously.

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. INVESTMENT IN ASSOCIATES AND SUBSIDIARIES

(a) Associates

	Group		Company	
	2019	**2018**	**2019**	**2018**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Investments in associated companies				
Ghana Bunkering Services Limited (GBS)	3,475	3,526	12	12
Road Safety Limited (RSL) *	-	-	-	-
Share of loss from GBS	(24)	(51)	-	-
	3,451	3,475	12	12

* The investment in RSL is less than GH¢1,000 and is showing as nil as a result of rounding. Investments in associates represent investments in:

Ghana Bunkering Services Limited

The investment in Ghana Bunkering Limited represents shares, held by the company conferring the right to exercise 48.5% of votes exercisable at general meetings. Ghana Bunkering Services Limited is a company incorporated in Ghana to provide bunkering services to petroleum marketers in the country.

Road Safety Limited (RSL)

The company has a 50% interest in RSL (formerly, Petroleum Road Transport Safety Limited), a company incorporated in Ghana. Its principal business is to provide driver education and maintenance services for the haulage of petroleum products. The directors of the Group are of the view that the results of Road Safety Limited are very immaterial to the Group and as such its results have not been included in the consolidated financial statements. However, the results of Ghana Bunkering Services Limited have been included in the consolidated financial statements.

The following table summarises the financial information of Ghana Bunkering Services as included in its own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Ghana Bunkering Services.

	2019	**2018**
	GH¢'000	**GH¢'000**
Percentage ownership interest	**48.5%**	**48.5%**
Non- current assets	4,556	4,901
Current assets	3,676	3,191
Non-current liabilities	(200)	(190)
Current liabilities	(916)	(737)
Net assets	7,116	7,165
Carrying amount of interest in associate (48.5%)	**3,451**	**3,475**
Revenue	1,276	1,363
Loss from operations	(50)	(106)
Group's share of total loss from operations (48.5%)	**(24)**	**(51)**

15. INVESTMENT IN ASSOCIATES AND SUBSIDIARIES (CONT'D)

(b) Subsidiary

The Group has a 55% interest in Ghanstock Limited, a company incorporated in Ghana and authorised to build, own, operate and maintain petroleum storage facilities. Ghanstock changed its functional and presentation currency from Ghana Cedis to United States Dollars during the current year. Foreign currency differences that arose on translation amounting to GH¢ 9,772,000 are recognised in other comprehensive income.

Company

	2019 GH¢'000	2018 GH¢'000	2019	2018
Gross investment in subsidiary	4,774	6,274	55%	55%
Impairment	(1,500)	(1,500)		
Carrying amount	3,274	4,774		

As at the end of the current year, the subsidiary, Ghanstock's, net liability position was GH¢ 7,110,000 which exceeded the Company's investment in the subsidiary of GHS 4,774,000. The projected cash flows was updated to reflect the current economic conditions of the subsidiary. The post-tax discount rate applied to cash flow projections is 12% and cash flows beyond the five-year period were extrapolated using an average rate of 3% growth rate year in year between 2020 and 2024 (and 6% after the forecast period). As a result of this analysis, management has recognised an impairment charge of GH¢1,500,000 which is recorded within general, administrative and selling expenses in the statement of profit or loss.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use is most sensitive to the following assumptions:

- EBITDA: This is based on average values achieved in the three years preceding the beginning of the budget period. In 2019, the EBITDA for the subsidiary was 84.5%. and an average EBITDA over the five year period of 84.2% per annum was applied.

- Discount rates: Discount rates represent the current market assessment of the risks specific to the subsidiary, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the subsidiary and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the subsidiary's investors. The cost of debt is based on the interest-bearing borrowings the subsidiary is obliged

- General price inflation: Estimates are obtained from published indices from official sources. Management has considered the possibility of greater-than-forecast increases in general price inflation. Forecast price inflation lies within a range of 1.7% to 2.1%.

Any adverse movement in any of the key assumptions would lead to further impairment.

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. INVENTORIES

	Group 2019 GH¢'000	Group 2018 GH¢'000	Company 2019 GH¢'000	Company 2018 GH¢'000
Trading				
Lubricants	37,094	32,366	37,094	32,366
Bitumen	1,511	10,709	1,511	10,709
Fuel	1,577	10,408	1,577	10,408
Additives	23,401	16,696	23,401	16,696
Stock in transit	1,455	4,580	1,455	4,580
Special fluid	2,266	669	2,266	669
	67,304	75,428	67,304	75,428
Non-Trading				
Consumables	3,070	1,633	2,591	1,281
Packing materials	2,859	2,659	2,859	2,659
	73,233	79,720	72,754	79,368

Inventories of GH¢ 1,431,287,000 (2018: GH¢1,359,260,000) were recognized as an expense during the year for the Company. These are included in cost of sales.

Inventories have been reduced by GH¢ 4,202,000 (2018: GH¢ 1,553,000) as result of the write-down to net realisable value. The write-down was recognised as an expense during 2019.

The write-downs are included in 'cost of sales'.

17. TRADE AND OTHER RECEIVABLES

	Group 2019 GH¢'000	Group 2018 GH¢'000	Company 2019 GH¢'000	Company 2018 GH¢'000
Trade receivables	254,438	263,893	253,860	263,050
Other receivables	31,033	23,781	30,676	23,588
Prepayments	3,278	10128	3,121	10001
	288,749	297,802	287,657	296,639

The maximum amount due from staff during the year was approximately GH¢2,520,054 (2018: GH¢2,518,475). These amounts are included in other receivables. Information about the Group and Company exposure to credit and market risk and impairment loss for trade and other receivable is included in note 24(ii).

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. CASH AND CASH EQUIVALENTS

	Group 2019 GH¢'000	Group 2018 GH¢'000	Company 2019 GH¢'000	Company 2018 GH¢'000
Cash at hand**	1	-	-	-
Cash at bank	47,580	55,095	47,186	54,765
Cash and bank balances	47,581	55,095	47,186	54,765
Bank overdrafts used for cash management	(67,348)	(75,585)	(67,348)	(75,585)
Cash and cash equivalents in statement of cash flows	(19,767)	(20,490)	(20,162)	(20,820)

**Cash at hand balances less than GH¢ 1,000 are shown as nil for both Group and Company as a result of rounding.

19 (a). STATED CAPITAL

Group and Company

2019	No. of shares	2019 GH¢'000 Proceeds	Group and Company 2018 No. of shares	2018 GH¢'000 Proceeds
Authorised:				
Ordinary Shares of no par value	250,000,000		250,000,000	
Issued and fully paid				
For cash	610,000	22	610,000	22
For consideration other than cash	10,069,259	49,694	10,069,259	49,694
Capitalisation issue	101,194,813	1,506	101,194,813	1,506
	111,874,072	51,222	111,874,072	51,222

The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the company. There is no call or instalment unpaid on any share and there are no shares in treasury.

19 (b). DIVIDEND

The following dividends were declared and paid during the year.

	Group and Company 2019 GH¢'000	2018 GH¢'000
Final dividend for 2018: GH¢ 0.0768 per share (2017: GH¢0.0701 per share)	8,592	7,843
Interim dividend for 2019: GH¢ 0.0694 per share (2018: GH¢ 0.0631 per share)	7,764	7,059
	16,356	14,902

Final dividends represent dividends declared for prior year and paid in current year. Interim dividends were declared for the year and paid during the year.

After the reporting date, the following dividend was proposed by the board of directors.

	Group and Company 2019 GH¢'000	2018 GH¢'000
Dividend proposed	9,453	8,592

Proposed dividends are subject to approval at the annual general meeting and are not recognised as a liability as at 31 December. There are also no tax consequences associated with these proposed dividends.

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of shares in issue during the year.

	Group 2019	Group 2018	Company 2019	Company 2018
Profit attributable to equity holders of the Company (expressed in GH¢'000)	69,697	47,112	69,339	50,364
Weighted average number of ordinary shares in issue	111,874,072	111,874,072	111,874,072	111,874,072
Basic earnings per share (expressed in GH¢ per share)	0.6230	0.4211	0.6198	0.4502
Diluted earnings per share (expressed in GH¢ per share)	0.6230	0.4211	0.6198	0.4502

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares, to assume all dilutive potential ordinary shares. At 31 December 2019 and 2018, the Group and Company had no dilutive potential ordinary shares.

21. TRADE AND OTHER PAYABLES

	Group 2019 GH¢'000	Group 2018 GH¢'000	Company 2019 GH¢'000	Company 2018 GH¢'000
Trade payables	213,810	258,828	212,596	256,755
Non-trade payables	179,112	139,680	178,060	139,432
Accrued expenses	9,289	14,926	9,032	14,608
	402,211	413,434	399,688	410,795

Information about the Group and Company's exposure to currency and liquidity risks is included in note 24(ii)

22. LOANS AND BORROWINGS

	Group 2019 GH¢'000	Group 2018 GH¢'000	Company 2019 GH¢'000	Company 2018 GH¢'000
Current				
Secured bank loans	6,752	13,846	-	-
Unsecured bank loans	5,188	5,357	5,188	5,357
	11,940	19,203	5,188	5,357
Non-current				
Secured bank loans	60,058	47,876	-	-
Unsecured bank loans	1,250	6,250	1,250	6,250
	61,308	54,126	1,250	6,250

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. LOANS AND BORROWINGS (CONT'D)

a. Terms and debt repayment schedule

The terms and conditions of the outstanding loans are as follows:

Group

				31 December 2019	
	Nominal interest	**Currency**	**Year of maturity**	**Carrying value GH¢'000**	**Fair value GH¢'000**
Secured bank loan	7.21%	US$	2027	66,810	67,281
Unsecured bank loan	18%	GH¢	2021	6,438	6,299

					31 December 2018
	Nominal interest	**Currency**	**Year of maturity**	**Carrying value GH¢'000**	**Fair value GH¢'000**
Secured bank loan	7.76%	US$	2023	61,722	60,809
Unsecured bank loan	19%	GH¢	2021	11,607	11,398

Company

				31 December 2019	
	Nominal interest	**Currency**	**Year of maturity**	**Carrying value GH¢'000**	**Fair value GH¢'000**
Unsecured bank loan	18%	GH¢	2021	6,438	6,299

					31 December 2018
	Nominal interest	**Currency GH¢**	**Year of maturity**	**Carrying value GH¢'000**	**Fair value GH¢'000**
Unsecured bank loan	19%	GH¢	2021	11,607	11,398

The secured loan is an Absa Bank Ghana Limited facility obtained for the construction of a Tank Farm at Takoradi, Ghana. The facility was restructured in January 2019 to increase the loan term and reduce the principal repayments. The new tenure is 9 years and the loan expires in December 2027. The interest rate charged also increased from 5.5% plus 3months libor to 5.75% plus 3 months libor. All other terms and conditions of the facility and the facility agreement remained unchanged.

The facility has the following as security:
- Corporate guarantee of GH¢32,694,999 from Total Petroleum Ghana Limited.
- Corporate guarantee of GH¢26,750,454 from Fueltrade Limited.
- Fixed and floating charge debenture in Barclays Bank's standard form covering the Tank Farm.

Charge of GH¢8,800,000 over Total Petroleum Ghana Limited's land with property title WR.412/13 situated at Takoradi, Ghana.

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. LOANS AND BORROWINGS (CONT'D)

The unsecured loan is a GHS 15 million Standard Chartered Bank (Ghana) Limited facility obtained to finance working capital and general capital expenditure requirement. The facility has a tenure of 3 years and attracts interest at 18% per annum.

b. Reconciliation of movements of liabilities to cash flows arising from financing activities

2019	**Lease liabilities**	**Loans and borrowings**	**Retained Earnings**	**Total**
Group				
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Balance at 1 January 2019	**-**	**73,329**	**145,295**	**218,624**
Changes from financing cash flows				
Repayment of loan	-	(10,762)	-	(10,762)
Dividend paid	-	-	(16,356)	(16,356)
Principal elements for lease payments	(10,715)	-	-	(10,715)
Total changes from financing cash flows	(10,715)	(10,762)	(16,356)	(37,833)
The effect of changes in foreign exchange rates	-	10,987	-	10,987
Other changes				
New leases	21,994	-	-	21,994
Interest expense	2,479	6,422	-	8,901
Interest paid	(663)	(6,728)	-	(7,391)
Total liability-related other changes	23,810	(306)	-	23,504
Total equity-related other changes	-	-	69,697	69,697
Balance at 31 December 2019	**13,095**	**73,248**	**198,636**	**284,979**

Group

2018	**Loans and Borrowings GH¢'000**	**Retained Earnings GH¢'000**	**Total GH¢'000**
Balance at 1 January 2018	61,574	113,085	174,659
Changes from financing cash flows			
Proceeds from new loan	15,000	-	15,000
Repayment of loan	(8,963)	-	(8,963)
Dividend paid	-	(14,902)	(14,902)
Total changes from financing cash flows	6,037	(14,902)	(8,865)
The effect of changes in foreign exchange rates	5,221	-	5,221
Other changes			
Interest expense for loans and borrowings	7,017	-	7,017
Interest paid for loans and borrowings	(6,520)	-	(6,520)
Total liability-related other changes	497		497
Total equity-related other changes	-	47,112	47,112
Balance at 31 December 2018	73,329	145,295	218,624

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. LOANS AND BORROWINGS (CONT'D)

2019	**Lease liabilities**	**Loans and borrowings**	**Retained Earnings**	**Total**
Company				
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Balance at January 2019	**-**	**11,607**	**154,772**	**166,379**
Changes from financing cash flows				
Proceeds from new loan	-	-	-	-
Repayment of loan	-	(5,000)	-	(5,000)
Dividend paid	-	-	(16,356)	(16,356)
Principal elements for lease payments	(10,715)	-	-	(10,715)
Total changes from financing cash flows	(10,715)	(5,000)	(16,356)	(32,071)
The effect of changes in foreign exchange rates	-	-	-	-
Other changes				
New leases	21,994	-	-	21,994
Interest expense	2,479	1,555	-	4,034
Interest paid	(663)	(1,724)	-	(2,387)
Total liability-related other changes	23,810	(169)	-	23,641
Total equity-related other changes	-	-	69,339	69,339
Balance at December 2019	**13,095**	**6,438**	**207,755**	**227,288**

2018	**Loans and borrowings**	**Retained Earnings**	**Total**
Company	**GH¢'000**	**GH¢'000**	**GH¢'000**
Balance at January 2018	-	119,310	130,708
Changes from financing cash flows			
Proceeds from new loan	15,000	-	15,000
Repayment of loan	(3,750)	-	(3,750)
Dividend paid	-	(14,902)	(14,902)
Total changes from financing cash flows	11,250	(14,902)	(3,652)
The effect of changes in foreign exchange rates	-	-	-
Other changes			
Interest expense for loans and borrowings	2,309	-	2,309
Interest paid for loans and borrowings	(1,952)	-	(1,952)
Total liability-related other changes	357	-	357
Total equity-related other changes	-	50,364	50,364
Balance at December 2018	11,607	154,772	177,777

Information about the Group and Company's exposure to interest rate, foreign currency and liquidity risks is included in Note 24

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. PROVISION

	Group and Company	
	2019	**2018**
	GH¢'000	**GH¢'000**
Balance at 1 January	5,313	5,313
Provisions made during the year	969	-
Amounts utilised	(190)	-
	6,092	5,313

Provisions made and amounts utilised during the year represent additional provisions and payments made for legal claims. The outstanding provision represents legal provision of GH¢1,547,000 (2018: GH¢1,737,000), long service awards provision of GH¢ 1,176,000 (2018: GH¢1,176,000) and post-employment medical benefits provision of GH¢3,369,000 (2018 GH¢:2,400,000). Long service awards and post-employment medical benefits provisions are employee benefits, details of which are set out below.

Long service awards

The Group and Company provide employees with a multiple of monthly salary as a long service award after specified years of service. The Group and Company's net obligation in this regard is the amount of future benefits that employees have earned in return for their services in current and prior periods.
The valuation of the Group and Company's obligation involves the following:
• The projection of future cash flows, taking into account probabilities of survival and withdrawal.
• Increasing the projected subsidy cash flows in line with expected long term escalation.
• Discounting these cash flows in order to express liabilities in current Cedi terms

The Group and Company do not have any assets as the long service awards liability is unfunded.

The amounts recognised in the balance sheet and the movements in the obligation over the year are as follows:

	2019	**2018**
	GH¢'000	**GH¢'000**
Balance at 1 January	1,176	1,176
Included in profit or loss	-	-
Current service cost	-	-
Past service cost	-	-
Interest expense/(income)	-	-
Included in OCI	-	-
Actuarial gains and losses		
	1,176	1,176

Actuarial assumptions
The following were the principal actuarial assumptions.

	2019	**2018**
Discount rate	22.20%	18.75%
Consumer price Inflation (CPI)	8%	9.4%
Salary inflation	11%	12.4%
Retirement age	60 years	60 years
Average withdrawal rate for males	10%	10%
Average withdrawal rate for females	14%	14%

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. PROVISION (CONT'D)

Assumptions regarding pre-retirement mortality used is 85/90 light with a four (4) year downward adjustment for males, and 85/90 light with one (1) year downward adjustment for females.

Sensitivity Analysis
Reasonably possible changes at the reporting date to two of the principal assumptions, holding other assumptions constant, would have affected the long service award obligation by the amounts shown below.

	Increase	Decrease	Increase	Decrease
	31-Dec-2019		31-Dec-2018	
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Discount rate (1% movement)	(47)	51	(47)	51
Retirement age (1 year movement)	107	(108)	107	(108)

Post-employment medical benefits
The Group and Company provide post-retirement medical assistance to their employees upon retirement. The employees receive medical assistance as long as they remain pensioners and do not re-enter the job market. In the case of deceased employees, the subsidy ceases and their members' spouse(s) are taken off the scheme at the end of the year of death. In respect of the case of deceased pensioners, the subsidy continues in respect of their spouse.

The valuation of the Group and Company's post-employment medical benefit obligation involves the following:
• The projection of future post-retirement medical cash flows, taking into account probabilities of survival, retirement and death-in-service.
• The medical contribution subsidies arising in respect of spouse of employees.
• Increasing the projected subsidy cash flows in line with expected long term medical inflation.
• Discounting these cash flows in order to express liabilities in current Cedi terms

The Group and Company do not have any assets as the post-employment medical benefit liability is a self-insured plan.

The amounts recognised in the balance sheet and the movements in the obligation over the year are as follows:

	2019	2018
	GH¢'000	GH¢'000
Balance at 1 January	2,400	2,400
Included in profit or loss	-	-
Current service cost	969	-
Past service cost	-	-
Interest expense/(income)	-	-
	969	-
Included in OCI	-	-
Actuarial gains and losses		
Balance at 31 December	3,369	2,400

Actuarial assumptions
The following were the principal actuarial assumptions.

	2019	2018
Discount rate	15.13%	15.03%
Medical inflation	9%	9%
Active employees with spouse on retirement	80%	80%
Retirement age	60 years	60 years

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. PROVISION (CONT'D)

Assumptions regarding mortality used is an age offset of +16 for men and +18 for women, which leads to a life expectancy at age 60 of 10.6 and 11.7 respectively for men and women.

Sensitivity Analysis

Reasonably possible changes at the reporting date to two of the principal assumptions, holding other assumptions constant, would have affected the post-employment medical liability and benefit cost by the amounts shown below.

Sensitivity on liability in GH¢'000

Medical Inflation	Discount Rate 15%	17%	20%
9%	3,368	2,903	2,427
12%	4,300	3,611	2,905
16%	6,574	5,205	3,906

Sensitivity on benefit cost in GH¢'000

Medical Inflation	Discount Rate 15%	17%	20%
9%	412	349	2,427
12%	680	557	433
16%	1,358	1,052	764

24. FINANCIAL RISK MANAGEMENT

(i) Overview

The Group and Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Group and Company provide post-retirement medical assistance to their employees upon retirement. The employees receive medical assistance as long as they remain pensioners and do not re-enter the job market. In the case of deceased employees, the subsidy ceases and their members' spouse(s) are taken off the scheme at the end of the year of death. In respect of the case of deceased pensioners, the subsidy continues in respect of their spouse.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies, and processes for measuring and managing risk, and the Group's management of capital.

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board's audit committee is responsible for monitoring compliance with the Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the company.

The Group's risk management policies are established to identify and analyse risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

The Group, through its training and management standards and procedures, continues to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Group's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Audit Committee gain assurance in relation to the effectiveness of internal control and the risk management framework from: summary information in relation to the management of identified risks; detailed review of the effectiveness of management of selected key risks; results of management's self assessment process over internal control; and the independent work of the internal audit department, which ensures that the Audit Committee and management understand the Group's key risks and risk management capability; sets standards on governance and compliance; and provides assurance over the quality of the Group's internal control and management of key risks.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivable from customers.
Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

The Group and Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit control committee has established a credit policy under which a new customer is analysed individually for credit worthiness before the Group and Company's standard payment terms and conditions are offered. The Group and Company generally trades with pre defined and selected customers. Credit exposure on trade receivable is covered by customers issuing post dated cheques to cover amount owed, as well the use of customer's security deposits.

Impairment analysis of trade and other receivables

The Group uses an allowance matrix to measure the ECLs of trade receivables from customers, which comprise a very large number of small balances. Loss rates are calculated using a 'historical loss rate' method based on actual credit loss experience over the past three years.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December.

Group 2019

	Weighted average loss rate %	Gross carrying amount GH¢'000	Loss allowance GH¢'000	Credit impaired
Neither past due nor impaired (less than 30 days)	0.5105%	204,662	1,045	No
Past due (30- 90 days)	0.7380%	31,860	235	No
Past due more than 90 days	57.9120%	45,609	26,413	Yes
		282,131	27,693	

24. FINANCIAL RISK MANAGEMENT (CONT'D)

Group 2018	**Weighted average loss rate %**	**Gross carrying amount GH¢'000**	**Loss allowance GH¢'000**	**Credit impaired**
Neither past due nor impaired (less than 30 days)	0.4980%	213,894	1,065	No
Past due (30- 90 days)	1.2500%	35,464	443	No
Past due more than 90 days	59.6747%	39,784	23,741	Yes
		289,142	25,249	

Company 2019	**Weighted average loss rate %**	**Gross carrying amount GH¢'000**	**Loss allowance GH¢'000**	**Credit impaired**
Neither past due nor impaired (less than 30 days)	0.51200%	204,084	1,045	No
Past due (30- 90 days)	0.73800%	31,860	235	No
Past due more than 90 days	57.9120%	45,609	26,413	Yes
		281,553	27,693	

Company 2018	**Weighted average loss rate %**	**Gross carrying amount GH¢'000**	**Loss allowance GH¢'000**	**Credit impaired**
Neither past due nor impaired (less than 30 days)	0.5000%	213,051	1,065	No
Past due (30- 90 days)	1.2500%	35,464	443	No
Past due more than 90 days	59.6600%	39,784	23,741	Yes
		288,299	25,249	

Movements in the allowance for impairment in respect of trade receivables and contract assets

The movement in the allowance for impairment in respect of trade receivables during the year was as

Group and Company

	2019	**2018**
	GH¢'000	**GH¢'000**
Balance at 1 January	25,249	19,191
Impairment loss recognised in profit or loss	2,444	6,058
Balance at 31 December	27,693	25,249

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at which point the amounts considered irrecoverable are written off against trade receivables directly.

No impairment loss was recognised for financial assets other than trade receivables.

Cash and cash equivalents

Group

The Group held cash and cash equivalents of GH¢ 47,581,000 (2018: GH¢55,095,000) at the reporting date with banks which are assessed as having a relatively good credit rating.

24. FINANCIAL RISK MANAGEMENT (CONT'D)

Company

The Company held cash and cash equivalents of GH¢ 47,186,000 (2018: GH¢54,765,000) at the reporting date with banks which are assessed as having a relatively good credit rating.

Amount due from related Companies

The Company's exposure to credit risk in respect of amounts due from related parties is minimized. The Company has transacted business with related parties over the years, and there have been no defaults in payment of outstanding debts.

(iii) Liquidity risk

Liquidity risk is the risk that the Group either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost. The Group's approach to managing liquidity is to ensure that it will maintain adequate liquidity to meet its liabilities when

In addition, the Group and Company maintains the following lines of credit:

(a) *Ecobank Ghana Limited*
The Company has an unsecured overdraft facility not exceeding GH¢13 million with Ecobank to finance the company's receivables, additions to inventories and other operational bills. The facility expires on 31 March 2020.

(b) *Standard Chartered Bank Ghana Limited*
(i) The Company has an unsecured overdraft facility of GH¢20 million with Standard Chartered Bank Ghana Limited to finance working capital. The facility expires on 30 November 2020.

(ii) The Company has unsecured loan of GH¢15 million with Standard Chartered Bank Ghana Limited facility. The facility has a tenure of 3 years and attracts a revised interest at 18% per annum.

(c) *Societe Generale Ghana Limited*
The Company has an unsecured overdraft facility of GH¢22million with Societe Generale Ghana Limited to augment working capital. The facility expires on 31 December 2020.

(d) *Absa Bank Ghana Limited*
(i) The Company has an unsecured overdraft facility of GH¢10 million with Barclays Bank Ghana Limited to finance working capital. The facility expires on 21 June 2020.

(ii) The Group has a secured loan facility of US$ 11.75 million with Barclays Bank (Ghana) Limited. The facility has a tenure of 9 years and attracts interest at 3 months US LIBOR plus a margin of 5.75% per annum.

(e) *Stanbic Bank Limited*
The Company has an unsecured overdraft facility of GH¢18 million with Stanbic Bank Limited to finance working capital.

(f) *GCB Bank Limited*
The Company has an unsecured overdraft facility of GH¢17 million with GCB Bank Limited to finance working capital. The facility expires on 30 April 2020.

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. FINANCIAL RISK MANAGEMENT (CONT'D)

(iii) Liquidity risk (cont'd)

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments

Group 2019	**Carrying amounts GH¢'000**	**Contractual Cashflows GH¢'000**	**1 year or less GH¢'000**	**1 to 2 years GH¢'000**	**2 to 5 yearsGH¢ '000**	**5 years and over GH¢'000**
Non-derivative financial liabilities						
Loans and borrowings	73,248	95,659	17,080	11,204	33,564	33,811
Lease liabilities	13,095	28,171	4,494	2,842	8,526	12,309
Amount due to related parties	64,881	64,881	64,881	-	-	-
Bank overdrafts	67,348	67,348	67,348	-	-	-
Trade and other payables	397,600	397,600	397,600	-	-	-
	616,172	653,659	551,403	14,046	42,090	46,120
2018						
Non-derivative financial liabilities						
Loans and borrowings	73,329	87,414	24,843	21,309	41,262	-
Amount due to related parties	85,901	85,901	85,901	-	-	-
Bank overdrafts	75,585	75,585	75,585	-	-	-
Trade and other payables	410,520	410,520	410,520	-	-	-
	645,335	659,420	596,849	21,309	41,262	-

Company 2019	**Carrying amounts GH¢'000**	**Contractual Cashflows GH¢'000**	**1 year or less GH¢'000**	**1 to 2 years GH¢'000**	**2 to 5 years GH¢'000**	**5 years and over GH¢'000**
Non-derivative financial liabilities						
Loans and borrowings	6,438	7,096	5,789	1,307	-	-
Lease liabilities	13,095	28,171	4,494	2,842	8,526	12,309
Amount due to related parties	57,012	57,012	57,012	-	-	-
Bank overdrafts	67,348	67,348	67,348	-	-	-
Trade and other payables	395,222	395,222	395,222	-	-	-
	539,115	554,849	529,865	4,149	8,526	12,309
2018						
Non-derivative financial liabilities						
Loans and borrowings	11,607	13,923	6,780	5,833	1,310	-
Amount due to related parties	80,508	80,508	80,508	-	-	-
Bank overdrafts	75,585	75,585	75,585	-	-	-
Trade and other payables	408,206	408,206	408,206	-	-	-
	575,906	578,222	571,079	5,833	1,310	-

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. FINANCIAL RISK MAANAGEMENT (CONT'D)

(iv) Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Foreign currency risk
The Group is exposed to currency risk on purchases and borrowings that are denominated in currencies other than the functional currency. The currencies in which these transactions primarily are denominated are Euro and US Dollars. The Group does not hedge its foreign currency risk.

Exposure to currency risk
The Group and Company's exposure to foreign currency risk were as follows based on notional amounts:

Group

31 December 2019	**EURO €'000**	**USD $'000**	**CFA CFA'000**	**CHF CHF'000**	**GBP £'000**
Trade and other payables	(611)	(4,672)	(1,186)	-	(3)
Amounts due to related parties	(1,369)	(5,631)	(14,474)	(28)	-
Loans and borrowings	-	(11,681)	-	-	-
Cash and cash equivalents	117	2,140	-	-	-
Amount due from related parties	124	594	-	-	-
Trade and other receivables	188	6,102	-	-	-
Gross exposure	(1,551)	(13,130)	(15,660)	(28)	(3)

31 December 2018	**EURO €'000**	**USD $'000**	**CFA CFA'000**	**CHF CHF'000**
Trade and other payables	(1,054)	(14,268)	(1,489)	-
Amounts due to related parties	(1,047)	(8,274)	(9)	(55)
Loans and borrowings	-	(12,805)	-	-
Cash and cash equivalents	72	3,172	-	-
Amount due from related parties	85	336	-	-
Trade and other receivables	-	7,403	-	-
Gross exposure	(1,944)	(24,436)	(1,498)	(55)

Company

31 December 2019	**EURO €'000**	**USD $'000**	**CFA CFA'000**	**CHF CHF'000**	**GBP £'000**
Related party loan	-	275	-	-	-
Trade and other payables	(611)	(4,432)	(1,186)	-	(3)
Amounts due to related parties	(1,369)	(5,631)	(14,474)	(28)	-
Cash and cash equivalents	117	2,071	-	-	-
Amount due from related parties	124	594	-	-	-
Trade and other receivables	188	6,012	-	-	-
Gross exposure	(1,551)	(1,111)	(15,660)	(28)	(3)

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. FINANCIAL RISK MAANAGEMENT (CONT'D)

(iv) Market risks (cont'd)

Exposure to currency risk (cont'd)

Company

31 December 2018	**EURO €'000**	**USD $'000**	**CFA CFA'000**	**CHF CHF'000**
Trade and other payables	(1,054)	(13,676)	(1,489)	-
Amounts due to related parties	(1,047)	(8,274)	(9)	(55)
Cash and cash equivalents	72	3,066	-	-
Amount due from related parties	85	336	-	-
Trade and other receivables	-	7,228	-	-
Gross exposure	(1,944)	(11,320)	(1,498)	(55)

The following exchange rates applied during the year:

	Average Rate		**Reporting Rate**	
	2019	**2018**	**2019**	**2018**
Ghana Cedi:				
Euro 1	6.0915	5.6154	6.4685	5.6946
USD 1	5.4074	4.7242	5.7200	4.98
CFA 1	0.0090	0.0082	0.0098	0.0087
CHF 1	5.4411	4.8688	5.9071	5.0646
GBP 1	6.9411	6.3402	7.5634	6.3425

Sensitivity analysis on currency risk

The following table shows the effect of a strengthening or weakening of the GH¢ against all other currencies on the Group's equity and profit or loss. This sensitivity analysis indicates the potential effect on equity and profit or loss based upon the foreign currency exposures recorded at December 31 (see "currency risk" above), and it does not represent actual or future gains or losses. The sensitivity analysis is based on the percentage difference between the highest daily exchange rate and the average exchange rate per currency recorded in the course of the respective financial year. The same was done for the prior year.

A strengthening/ weakening of the GH¢, by the rates shown in the table, against the following currencies at 31 December have increased/decreased equity and profit or loss by the amounts shown below.

This analysis assumes that all other variables, in particular interest rates, remain constant.

Group

At 31 December	**2019**			**2018**		
	% Change	**Strengthening: Impact on equity and profit or loss - increase/ (decrease)**	**Weakening: Impact on equity and profit or loss - increase/ (decrease)**	**% Change**	**Strengthening: Impact on equity and profit or loss - increase/ (decrease)**	**Weakening: Impact on equity and profit or loss - increase/ (decrease)**
Euro	6%	567	(567)	9%	171	(171)
US$	7%	4,969	(4,969)	5%	1,323	(1,323)
CFA	9%	13	(13)	17%	248	(248)
CHF	9%	14	(14)	7%	4	(4)
GBP	12%	2	(2)	4%	-	-

24. FINANCIAL RISK MAANAGEMENT (CONT'D)

(iv) Market risks (cont'd)

Exposure to currency risk (cont'd)

Company

At 31 December	2019			2018		
	% Change	Strengthening: Impact on equity and profit or loss - increase/ (decrease)	Weakening: Impact on equity and profit or loss - increase/ (decrease)	% Change	Strengthening: Impact on equity and profit or loss - increase/ (decrease)	Weakening: Impact on equity and profit or loss - increase/ (decrease)
Euro	6%	567	(567)	9%	171	(171)
US$	7%	422	(422)	5%	613	(613)
CFA	9%	13	(13)	17%	248	(248)
CHF	9%	14	(14)	7%	4	(4)
GBP	12%	2	(2)	4%	-	-

Interest rate risk

Standard scenario that are considered on a monthly basis include a 100 basis point (bp) parallel fall or rise in the market interest rate. A change of a 100 basis point in the interest rate at the reporting rate would have impacted equity and profit or loss by the amounts shown below:

Group

	2019 Increase GH¢'000	2019 Decrease GH¢'000	2018 Increase GH¢'000	2018 Decrease GH¢'000
Interest income impact	228	(228)	187	(187)
Interest expense impact	(1,406)	1,406	(1,489)	1,489
	(1,178)	1,178	(1,302)	1,302

Company

	2019 Increase GH¢'000	2019 Decrease GH¢'000	2018 Increase GH¢'000	2018 Decrease GH¢'000
Interest income impact	228	(228)	187	(187)
Interest expense impact	(738)	738	(872)	872
	(510)	510	(685)	685

24. FINANCIAL RISK MAANAGEMENT (CONT'D)

A number of the Group and Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for disclosure purposes based on the following methods described below.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rates of interest at the reporting date.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rates of interest at the reporting date.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Loans and borrowings

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rates of interest at the reporting date.

Lease liabilities

Fair value is calculated based on the present value of future payments, discounted at the incremental borrowing rates at the reporting date.

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values versus carrying amounts

The following table shows the carrying amounts and fair value of financial assets and financial liabilities. Apart from loans and borrowings and the non-current amount due from related parties, the carrying amounts of financial assets and financial liabilities are a reasonable approximation of their face value. The fair value of the Group and Company's financial instruments are at level 3 in the fair value hierarchy.

	Group 2019		**Group 2018**		**Company 2019**		**Company 2018**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
(i) **Financial assets (Amortized cost)**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Amounts due from related companies	-	-	-	-	1,573	1,199	-	-
Trade and other receivables	285,471	285,471	287,674	287,674	284,536	284,536	286,638	286,638
Amounts due companies	1,686	1,686	7,606	7,606	9,683	9,683	13,446	13,446
Cash and cash equivalents	47,581	47,581	55,095	55,095	47,186	47,186	54,765	54,765
Total financial assets	334,738	334,738	350,375	350,375	342,978	342,604	354,849	354,849
(ii) **Financial liabilities (Amortized cost)**								
Lease liabilities	13,095	13,095	-	-	13,095	13,095	-	-
Loans and Borrowings	73,248	73,580	73,329	72,207	6,438	6,299	11,607	11,398
Trade and other payables	397,600	397,600	410,520	410,520	395,222	395,222	408,206	408,206
Amounts due to related companies	64,881	64,881	85,901	85,901	57,012	57,012	80,508	80,508
Bank overdraft	67,348	67,348	75,585	75,585	67,348	67,348	75,585	75,585
Total financial liabilities not measured at fair value	616,172	616,504	645,335	644,213	539,115	538,976	575,906	575,697

25. RELATED PARTY TRANSACTIONS

(i) The company is a subsidiary of Total Outre Mer S. A., a company incorporated in France. The ultimate parent company is Total S.A., a company incorporated in France.

(ii) Chemical additives, bitumen and consumables costing GH¢ 120,542,155 (2018: GH¢ 75,682,243) were procured from Total Outre Mer S. A. during the year.

(iii) Included in general and administrative expenses is an amount of GH¢ 13,382,122 (2018: GH¢13,286,201) in respect of technical assistance fee payable to Total Outre Mer S. A. and GH¢ 2,481,438 (2018: GH¢ 2,624,056) in respect of research and development fees to Total Marketing Services.

(iv) Total compensation paid to key management personnel was GH¢5,229,152 (2018: GH¢4,700,997). The compensation of the Group's directors includes salaries, allowances and contribution to defined contribution pension scheme. Amounts due from key management personnel was GH¢109,692 (2018:GH¢215,956).

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group (directly or indirectly) and comprise the Directors and Senior Management of the Group.

Outstanding balances in respect of transactions with related parties at the year end were as follows:

Amount due from related parties

	Group 2019 GH¢'000	**Group 2018 GH¢'000**	**Company 2019 GH¢'000**	**Company 2018 GH¢'000**
Ghanstock (subsidiary)	-	-	8,051	5,840
Total Outre Mer	-	6,131	-	6,131
Other related parties*	1,686	1,475	1,632	1,475
Current	1,686	7,606	9,683	13,446
Ghanstock (subsidiary)	-	-	1,573	-
Non-current**	-	-	1,573	-

Amount due to related parties

Total Outre Mer	43,109	63,891	43,109	63,709
Other related parties*	21,772	22,010	13,903	16,799
	64,881	85,901	57,012	80,508

*These are parties related by common shareholding and directorship.
None of the balances is secured. No expense has been recognised in the current and prior year for bad and doubtful debts in respect of amounts owed by related parties. Transactions between the Group and its subsidiary, Ghanstock, comprise recharge of expenses paid on behalf of the subsidiary by the Group and rent income for the sub-lease of a land to the subsidiary.

** The non-current amount due from related parties represents a loan facility of US $ 275,000 granted to Ghanstock during the current year to enable it meet one of the conditions for restructuring the secured loan (refer to Note 22. The facility has the following terms and conditions.

- The facility is unsecured and has a tenure of 24 months
- Suspension of interest and principal payments until secured loan is paid by Ghanstock
- Interest rate of 3 months libor plus 2% per annum
- First payment due in January 2028

All outstanding balances with related parties are to be settled in cash within twelve months from the reporting period.

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. LONG TERM LEASES

	Group and Company	
	2019	**2018**
	GH¢'000	**GH¢'000**
Balance at 1 January	52,775	44,073
Additions for the year	-	15,416
Amortisation for the year	(176)	(1,313)
Recognition of Right-of-use assets on transition (Note 3.3)	(51,228)	-
Current portion of long-term leases	-	(5,401)
Reclass to long term prepayments (Note 35)	(1,371)	-
Balance at 31 December	-	52,775

The amount of GHS 52,775,000 for 2018 represented lease of a number of lands under operating leases for the construction of various service stations. The leases typically ran for a period ranging from 3 years to 50 years. For some of the leases with an option to renew, payments were renegotiated at the beginning of the new lease term. The Group determined that the land leases were operating leases. The rent paid to the landlords was adjusted to market rentals and the Group did not have an interest in the residual value of the land. As a result, it was determined that substantially all the risks and rewards of the lands are with the landlords. The Group had paid the total lease amounts for the respective periods at the beginning of the leases. These leases were amortized over the life of each lease term.

The current portion of long-term leases was reported as part of prepayments.

27. CAPITAL COMMITMENT

Commitments for capital expenditure at the reporting date were:

	Group and Company	
	2019	**2018**
	GH¢'000	**GH¢'000**
Capital commitment	1,293	343

This is in respect of the construction and refurbishment of fuel stations

28. EMPLOYEE BENEFITS

Defined Contribution Plans

(i) *Social Security*

Under a national defined benefit pension scheme, the Group contributes 13% of employees' basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The Group's obligation is limited to the relevant contributions, which were settled on due dates. The pension liabilities and obligations, however, rest with SSNIT. The expense charged to the profit or loss during current year is:

	2019	**2018**
	GH¢'000	**GH¢'000**
Group	1,737	1,600
	====	====
Company	1,707	1,561
	====	====

(ii) Provident Fund (Defipro)

The Group has a provident fund scheme for staff under which the Group contributes 10% of staff basic salary. The Group's obligation under the plan is limited to the relevant contribution and these are settled on due the dates to the fund manager.

	2019	**2018**
	GH¢'000	**GH¢'000**
Group and Company	1,302	1084
	====	===

29. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern. The Group monitors capital using the ratio of adjusted net debt to equity. For this purpose, adjusted net debt is defined as total liabilities, comprising interest bearing loans and borrowings less cash and cash equivalents. Equity comprises of all components of equity.

The Group's policy is to keep an adjusted net debt to equity ratio at the range of 2.5 to 3.5. The Group's adjusted net debt to equity at the reporting date was as follows:

	Group 2019 GH¢'000	Group 2018 GH¢'000	Company 2019 GH¢'000	Company 2018 GH¢'000
Total liabilities	627,594	655,618	550,392	585,864
Less: Cash and cash equivalents	47,581	55,095	47,186	54,765
Net debt	580,013	600,523	503,206	531,099
Total equity	252,033	189,835	258,977	205,994
Net debt to equity ratio	2.30	3.16	1.94	2.58

30. GOING CONCERN

The Group's current liabilities exceeded its current assets by GH¢ 124,397,000 (2018: GH¢ 138,244,000) at year ended 31 December 2019. As at that date, the Company's current liabilities also exceeded its current assets by GH¢101,222,000 (2018: GH¢ 112,371,000).

The Directors have negotiated and successfully renewed overdraft facilities with its bankers. The Group and Company have revolving credit lines with its banks. Both the Group and Company have a history of profitability continue to remain profitable. The Directors believe that the Group and Company will be able to realise its assets and settle its liabilities in the ordinary course of business.

Accordingly, the financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that cash flows arising from the normal course of business will be available to finance future operations of both the Group and Company and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

31. SUBSEQUENT EVENTS

On 30 January 2020, the World Health Organisation (WHO) declared an international health emergency due to the outbreak of a novel coronavirus, which originated in December 2019 in Hubei province, China. The WHO declared the coronavirus outbreak to be a pandemic on 11 March 2020 in recognition of its rapid spread across the globe, with over 150 countries, including Ghana and other African countries, now affected.

The outbreak of COVID-19 and the necessary containment measures, which include travel bans, quarantines and social distancing protocols, have resulted in disruption to business and economic activity globally. At the date of authorization of the financial statements, Total Petroleum Ghana Limited is operating as normal. The ultimate severity of the COVID-19 outbreak is uncertain at this time and therefore we cannot currently assess the impact it may have on the Company's future operations. The Company will continue to closely monitor the spread of COVID-19 and assess its impact on the business.

TOTAL PETROLEUM GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. FINANCE COST AND INCOME

	Group	Group	Company	Company
	2019	2019	2019	2019
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Bank interest income earned	449	651	449	651
Finance cost on loans and borrowings and leases	20,566	20,243	15,699	15,535

33. NON-CONTROLLING INTEREST

The following summarise the information relating to the Group's subsidiary that has material NCI, before any intra group eliminations.

	2019	2018
	GH¢'000	GH¢'000
	45%	45%
Non-current assets	77,697	58,901
Current assets	2,019	1,845
Non-current liabilities	(60,058)	(47,876)
Current Liabilities	(26,768)	(27,717)
Net assets	(7,110)	(14,847)
Net assets attributable to NCI	(3,200)	(6,682)
Revenue	9,793	10,131
Loss	(2,033)	(8,548)
OCI	-	-
Loss allocated to NCI	(915)	(3,847)
OCI allocated to NCI	-	-
Cash flows from operating activities	7,438	4,221
Cash flows from investments activities	(915)	(103)
Cash flows from financing activities	(5,762)	(5,213)
Net increase/(decrease) in cash and cash equivalents	173	(1,095)

34. JOINT USER HYDRANT INSTALLATION (JUHI)

JUHI is an unincorporated equal assets ownership joint operation between 3 participants namely, Total Petroleum Ghana Limited, VIVO Energy Ghana Limited and Ghana Oil Company Limited. It was established through an Agreement for the Joint Ownership and Operation of the Fuel Storage and Hydrant Facilities at the Kotoka International Airport, Accra and its principal activity is the storage of aviation fuels and the provision of into-plane fuelling services.

35. LEASES

The Group and Company have lease contracts for various items of leasehold properties, vehicles and other equipment used in its operations. Leases of leasehold properties generally have lease terms between 2 and 50 years, while motor vehicles and other equipment generally have lease terms between 2 and 4 years. The Group and Company's obligation under its leases are secured by the lessor's title to the leased assets.

The Group and Company also had certain leases of leasehold properties and motor vehicles with lease terms of 12 months or less as at 1 January 2019. The Group applied the 'short-term lease' recognition exemption for these leases.

35 (a). Right-of-use-assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Group and Company

2019	**Leasehold properties GH¢'000**	**Motor vehicles GH¢'000**	**Other Equipment GH¢'000**	**Total GH¢'000**
As at 1 January 2019 (transition)	66,587	7,099	-	73,686
Additions	6,815	2,160	556	9,531
Depreciation expense	(6,516)	(3,340)	(265)	(10,121)
As at 31 December 2019	66,886	5,919	291	73,096

The Group and Company had total cash outflows for leases of GH¢ 11,378,000 in 2019.

35 (b). Leases liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Group and Company

	2019 GH¢'000	**2018 GH¢'000**
As at 1 January	12,487	-
Additions	9,507	-
Accretion of interest	2,479	-
Payments	(11,378)	-
As at 31 December	13,095	-
Current	5,571	-
Non-current	7,524	-

35(c). Amounts Recognized in profit or loss

Group and Company	**2019 GH¢'000**	**2018 GH¢'000**
Depreciation expense of right-of-use assets	10,121	-
Interest expense on lease liabilities	2,479	-
Expense relating to short-term leases (included in general and administrative expense)	700	-
Total amount recognised in profit or loss	13,300	-

35(d) Maturity analysis – Contractual undiscounted cash flows

Group and Company

	2019 GH¢'000	**2018 GH¢'000**
Less than one year	4,494	10,894
Between one and five years	11,368	7,361
More than five years	12,309	13,517
Total undiscounted lease liabilities at 31 December	28,171	31,772

2018 – Operating lease under IAS 17	**GH¢'000**
Lease expense	14,611

36. LONG TERM PREPAYMENTS

	Group and Company	
	2019	2018
	GH¢'000	GH¢'000
Balance at 1 January	-	-
Additions for the year	354	-
Reclass from long term leases (Note 26)	1,371	-
Balance at 31 December	1,725	-

Long term prepayments represent down payments made for potential lease of lands and service stations which are currently being negotiated.

APPENDIX 1

Shareholding information

(i) Number of shares in issue

Earnings and dividend per share are based on 111,874,072 (2018: 111,874,072) ordinary shares in issue during the year.

(ii) Number of shareholders

The company had 4,872 ordinary shareholders at 31 December 2019 distributed as follows:

Holding	No. of holders	Total holding	% Holding
1 - 1,000	2,828	952,878	0.90
1,001 - 5,000	1,595	3,896,862	3.50
5,001 - 10,000	270	1,765,172	1.60
10,001 and over	196	105,259,160	94.10
	4,889	111,874,072	100

(iii) List of twenty largest shareholders at 31 December 2019

	Number of shares	**Shareholdings**
TOTAL OUTRE MER S.A.	48,802,560	43.62
TOTAL AFRICA LTD	37,047,592	33.12
SOCIAL SECURITY & NATIONAL INS.TR.	3,084,664	2.76
SCGN/ENTERPRISE LIFE ASSO. CO.	2,386,100	2.13
SCGN/CACEIS FRANCE RE HMG GLOBETRO	1,803,000	1.61
SCGN/EPACK INVESTMENT FUND LTD	1,635,508	1.46
GHANA OIL COMPANY LTD	1,040,528	0.93
SCGN/SS LUX C/O SSB AND T CO, BOSTON	860,000	0.77
SCGN/GH. MED. ASSOC. PENSION FUND	584,700	0.52
HFCN/EDC GHANA BALANCED FUND LTD	582,943	0.52
SCBN/DATABANK BALANCED FUND LTD	503,008	0.45
SCGN/ENTERPRISE TIER 2 OCCUPATIONAL	378,410	0.34
SCGN/ELAC SHAREHOLDERS FUND	376,400	0.34
STD NOM/METLIFE CLASSIC FUND	302,439	0.27
STD NOMS TVL PTY/ENTERPRISE TIER 3	204,075	0.18
DAMSEL/OTENG-GYASI ANTHONY	203,816	0.18
DR. N.L.O. BLANKSON	174,492	0.16
MR. M.K. AFEDO	157,800	0.14
STD NOMS TVL PTY/DATABANK ARK FUND	157,000	0.14
SCGN/PETRA ADVANTAGE PORTFOLIO	138,585	0.12
	---------------	-------
REPORTED TOTALS	100,423,620	89.76
NOT REPORTED	11,450,452	10.24
	---------------	------
GRAND TOTALS	111,874,072	100
	=========	==

Control rights: each share is entitled to the same voting rights

Changes in shareholding: for the financial year ended 31 December 2019, there were no material changes to the shareholding structure of the Group.

APPENDIX 2

Corporate social responsibility

Total Petroleum Ghana Limited regards Corporate Social Responsibility as a fundamental contribution to the society; thus, it has consistently sought sustainable ways to support the economy in which it operates. The key areas of concentration of the company are Safety, Education, Entrepreneurship, Health and Sports; and Culture.

Entrepreneurship
Total Petroleum Ghana Limited (the Company) started the StartUpper competition to support growing companies of young innovative Ghanaian entrepreneurs. In 2019, a sum of GH¢160,000 and training were offered to three winners in the sectors of agriculture and food processing.

Safety
The company holds safety as a core value. Programmes such as Total Safety Cube, which focuses on road safety awareness for school children in accident prone areas, is done yearly in partnership with Ghana Road Safety, and Ghana Educational Service.

Furthermore, the Total Safety Caravan is organized with national security services such as the National Ambulance Service, the Ghana Police and Red Cross Society to the benefit of schools, drivers' unions and townships.

Education and training
The Company introduced a young graduate programme to recruit young intelligent Ghanaian graduates to offer them professional experience in its wide field of activities. The Company has 4 trainees this year who will have an opportunity to travel to an overseas affiliate for 8 months after having spent a duration of six 6 months in the local company.

Moreover, a partnership with three Ghanaian tertiary institutions namely, UMAT, KNUST and Ashesi has been established to provide opportunities for scholarships, internships and employment for some of its brilliant students.
The company also offers trainings to its dealers, attendants and transporters.

Health and sports
The Company promotes health by organizing a yearly anti-Malaria intervention program. Total Petroleum Ghana Limited supports other health and sports events such as the Millennium Marathon and the Damang Golf tournament among others.

Culture
The Company supports music and theatre arts. In the past two years, Total Petroleum Ghana Limited has supported Ghanaian and Francophone cultures through musical concerts and other forms of art with Alliance Française Accra, Citi FM and other cultural groups.