



Gambia National Petroleum Corporation

*Annual Report and Financial Statements
for the year ended 31st December 2017*



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1. INTRODUCTION

Gambia National Petroleum Corporation (GNPC) was founded in 2003 as the National Oil Company of the Republic of The Gambia for the purpose of developing the petroleum industry in The Gambia.

In the upstream petroleum sector, GNPC works closely with the Ministry of Petroleum & Energy (MOPE) and the Petroleum Commission to promote the petroleum potential of The Gambia by reviewing petroleum license applications, representing the Government of the Gambia in international oil and gas forums, exhibitions and the building of technical capacity to competently supervise domestic upstream petroleum activities. GNPC as the business arm of the Government is also closely working with the licensees for exploration, development and production of petroleum resources in The Gambia.

In the downstream petroleum sector, GNPC has a stake in the only fuel storage depot. In 2010, GNPC started the operation of the first national service station in The Gambia. In the subsequent years, new service stations started to mushroom. (One in 2011, four in 2012 and three in 2013). Our national network of nine service stations have been fully operational since then with those in the Greater Banjul Area on 24 hours service daily.

However, in 2017, the Corporation witnessed the appointments of three Managing Directors. This sudden and frequent changes in management, gave very little time for the new directors to settle and engage in any meaningful strategic initiatives.

The current Management was ushered in office early August 2017. This new management wasted no time in confronting the endemic problems faced by the Corporation.

This report details the operational highlights and financial performance of GNPC in 2017.

2. OPERATIONAL HIGHLIGHTS IN 2017

The operational activities which GNPC was involved in 2017 can be divided into Upstream and Downstream as detailed below:

2.1 Upstream Sector

The Corporation has been working very closely with the Ministry of Petroleum and other stakeholders on the review of all regulations and legislation that affect the exploration and production of petroleum products in The Gambia. These activities have been running in parallel with the review of the Petroleum Exploration and Production License Agreement (PEPLA) to ensure that The Gambia and its people enjoy optimal benefits from the country's hydrocarbon potentials.

GNPC retains a minimum of 10% working interest and partnership on an operational, technical and commercial level in all upstream blocks to be commercialized upon any successful exploration. GNPC has also requested the Ministry of Petroleum/Energy for the allocation of the onshore acreages which will enable the Corporation to do mapping and entire aerial magnetic survey; and will therefore be actively engaged in the contracting, marketing, technical analysis and in reviewing activities in the upstream sector.

GNPC continues to work with its partners and its line Ministry to ensure that the participation of the National Oil Company and other Gambian institutions are given the utmost priority.

2.2 Downstream Sector

Retail Business

GNPC continues to enhance its downstream sector by developing an expansion plan to support national development efforts across the country. Management tries to ensure the development of at least two service stations

annually. This is in line with GNPC's aims and objectives of ensuring that it makes its services available to Gambians across the country.

The Corporation also endeavors to meet the needs of its Corporate Clients by providing them with fuel dispensers and/or storage tanks. For example, the Gambia Police Force, Gambia Fire & Rescue Services, Gambia Transport Service Co., GAMTEL etc.

3. PETROLEUM PRODUCT IMPORTATION BUSINESS

GNPC is currently importing light fuels via a middleman for distribution to our bulk customers and for retail sales at our stations across the country. The storage of our light fuel is at the Mandinary Depot with Gampetroleum. This has been ongoing since August of 2016. Prior to that, GNPC was importing light fuels directly from its supplier.

GNPC also functions as the sole importer of Heavy Fuel for NAWEC. This development has been ongoing since November of 2014. However, due to NAWEC's inability to pay us on time, this line of business experienced cashflow constraints and impacted negatively on the liquidity of GNPC. This has been even more difficult with the involvement of a middleman for the acquisition of HFO. However in April 2017, the Corporation's supply of HFO to NAWEC ceased due to the liberalization of the supply of the product in the country.

The involvement of GNPC in the importation of light and heavy fuels has seen a vast improvement in the provision of fuels for the market. With the Corporation's involvement, there has been increased stability in the provision of electricity and few situations of fuel scarcity. We must however add that GNPC has over the months lost valuable customers due to the drop in the quality of light fuel and the Corporation continues to insist on the improvement of standards and requirements prior to importation from the government of The Gambia.

4. INVESTMENT ACTIVITIES

4.1. Equity/Other Investments

GNPC's investments remain the same - 10% share in Gam Petroleum Storage Facility worth D128 million since 2008 and 2009. Loan of D29 million in the Feed and Rice Mills at Kamalo, convertible to equity. However, the Feed and Rice Mills is still not operational.

5. REGIONAL EXPANSION ACTIVITIES

The Gambian fuel retail market is getting quite saturated; hence, GNPC is exploring new market opportunities beyond the borders of The Gambia in order to sustain and grow its business. Market expansion in the sub-Sahara West African region, Guinea Bissau in particular, was among the key strategic targets of the Corporation. GNPC intends to re-export refined petroleum products to these markets in addition to operating retail stations in the country.

In this vein, a fact-finding mission was sent to Guinea Bissau in September 2017 to gather relevant information needed to enter the Bissau market.

6. CORPORATE GOVERNANCE

The GNPC Act provides for the appointment of a Board of Directors for policy oversight of the Corporation. However until May 2017, there was no Board of Directors and GNPC's annual budget was sent to the Ministry of Finance & Economic Affairs through Ministry of Petroleum & Energy for review before submission to Office of the President for final approval.

Work ethics and human resources are governed by the Corporation's Service Rule and the Procurement activities by the Gambia Public Procurement Act. Revenues and expenses are managed and recorded following the existing Accounting Procedures Manual. Internal Audit Unit monitors the business activities according to

the Internal Audit Manual. Annual accounts are audited by External Auditors delegated by the National Audit Office.

7. CAPACITY BUILDING

GNPC has found the urgent need to train its staff after conducting a training needs assessment. No training was done in 2016 & 2015 which is alarming for a Corporation that is highly dependent on technical expertise. The new Management took keen interest in developing its staff professionally hence, several training programs were recommended in 2017.

8. CHALLENGES AND WAY FORWARD

8.1 Debt recovery and liquidity constraints

A key challenge to GNPC is the huge indebtedness by some SOEs and the Office of the President, which brought liquidity constraints to the Corporation thus undermining its plans and activities. The Corporation was cash strapped and under intense pressure to repay its Suppliers. The Corporation's debtors' portfolio stands at **D1.057Billion**. Key among them are:

CUSTOMER	AMOUNT (Dalasi)
NAWEC	815,000,000
STATE HOUSE	64,800,000
GTSC	40,800,000
GAMTEL	29,000,000
GPA	13,900,000
GICEC	8,000,000
GAMCEL	7,000,000
PREMIX	7,000,000
GOLDEN LEAD	4,000,000
TOTAL	989,500,000

Most of these debts started accruing in 2014. However recoveries are very slow and insignificant over the period considering the extreme difficulties we encounter in recovering old debts from government partners. The key bottleneck to our current liquidity constraints is the cash strapped in the NAWEC HFO supplies and the difficulty in recovering our debt. Thus Management and the External Auditors have agreed to provide (%) of these debts. This inevitably has hit the bottom-line.

8.2 Navasion –ERP

GNPC has experienced a lot of difficulties with the current enterprise resources planning software – the NAVASION, which the Finance Department used in 2017. The sole agent for this software, Pristine, was not providing support for the whole

of 2017 and even before - reasons unknown. An ex-employee of Pristine was approached to provide support services and this new arrangement which lasted from June 2016 to June 2017, created all the problems the Finance Department is currently experiencing. Some of the key issues discovered by an audit conducted by Pristine are as follows:

- Improper upgrade from Dynamics NAV 5.0 to 2009
- Inconsistency of data entered in 2017
- Missing Tables, Reports and Fields and etc.

8.3 Debt owed to Our LFO Suppliers/Service Providers

- **Gam Petroleum**

The new Management inherited a liability of over GMD58 million from previous managements. This unpaid throughput is seriously hampering the Corporation's operations. On many occasions the Depot would abruptly ban GNPC from taking supplies. However, going forward GNPC and the Depot management agreed on a payment plan of *GMD750, 000* weekly.

- **EAGL**

Based on the just-ended LFO contract arrangement with EAGL, the Corporation has an outstanding amount of GMD 37 million to settle. This is in respect of diesel and petrol supplies.



Gambia National Petroleum Corporation

*Annual Report and Financial Statements
for the year ended 31st December 2017*





Gambia National Petroleum Corporation (GNPC)

Annual Report and Financial Statements
for year ended 31 December 2017



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General information

Directors

Saihou Omar Gigo
Mambury Njie
Yaya F Barrow
Bakary Jammeh
Cherno Marena
Abdoulie Jallow
Jerreh Barrow
Ebrima Ceesay

Chairperson (From April 2017)
Managing Director (Up to July 2018)
Managing Director (From October 2018)
Member (From November 2017)
Member (From April 2017)
Member (From April 2017)
Member (From April 2017)
Member (From April 2017)

Secretary

Cany Jobe (Up to February 2018)
Sarjo Sama (From February 2018)

Bankers

Trust Bank Limited
3/4 Ecowas Avenue, Banjul

Standard Chartered Bank (Gambia) Limited
8 Ecowas Avenue, Banjul

Guaranty Trust Bank (Gambia) Limited
56 Kairaba Avenue, KSMD, The Gambia

Access Bank (Gambia) Limited
47 Kairaba Avenue, KSMD, The Gambia

Ecobank (Gambia) Limited
42 Kairaba Avenue, KSMD, The Gambia

Zenith Bank (Gambia) Limited
49 Kairaba Avenue, KSMD, The Gambia

BSIC (Gambia) Limited
52 Kairaba Avenue, The Gambia

Skye Bank (Gambia) Limited
70 Kairaba Avenue, The Gambia

Reliance Financial Services
Reliance Plaza 46A Kairaba Avenue, K.S.M.D

First Bank Nigeria (Gambia) Limited
8, Kairaba Avenue Serrekunda

Arab Gambian Islamic Bank
5 Liberation Ave, Banjul

MegaBank
Kairaba Avenue, Fajara M Section



Auditors	DT Associates - The Gambia Audit, Tax, Advisory 1 Paradise Beach Place Bertil Harding Highway, KSMD Banjul, The Gambia
Solicitor	Pa Harry Jammeh Ministry of Justice Banjul, The Gambia Solie Law Chambers 2 nd Street East Fajara M Section Kanifing Municipality P.O Box 1983
Registered Office	Gambia National Petroleum Corporation (GNPC) Petroleum House, Brusubi Roundabout West Coast Region, The Gambia



Directors' report

The Directors of the corporation present the audited financial statements of Gambia National Petroleum Corporation (GNPC) for the year ended 31 December 2017.

Statement of directors' responsibilities

The Gambia National Petroleum Corporation Act 2014 requires the directors to prepare financial statements for the financial year which give a true and fair view of the state of affairs of the Corporation and of its profit or loss for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the corporation will continue in business.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the corporation and to enable them to ensure that the financial statements comply with the relevant regulations. They are also responsible for safeguarding the assets of the corporation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The principal activity of the corporation during the year was exploration and exploitation of the country's natural petroleum reserves in partnership with other multinational oil companies. The corporation also engages in downstream activities by marketing oil and oil products.

Results

The results of the corporation are as detailed in the accompanying financial statements. The corporation's loss for the year, after taxation, amounted to D341.38 million.

Property, plant and equipment

The property, plant and equipment of the corporation are as detailed in note 12 of the financial statements. There has not been any permanent diminution in the value of the property, plant and equipment and as a result a provision for impairment has not been deemed necessary.

Directors and directors' interest

The members of the board of directors are as detailed on page 4. The composition of the Board of directors was formulated by the Government of The Gambia.

None of the Directors who held office during the year had any beneficial financial interest in the shares of the Corporation.

Going Concern

The directors confirmed that it is appropriate to adopt the going concern basis in preparing the financial statements.

Auditors

The National Audit Office is mandated to appoint the Corporation's auditors.

By Order of the Board of Directors

Secretary

Date 31st December 2019

Independent Auditor's Report

To the members of Gambia National Petroleum Corporation

Qualified Opinion

We have audited the financial statements of Gambia National Petroleum Corporation set out on pages 10 to 25, which comprise the Balance Sheet as at 31 December 2017, the Income Statement, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the financial statements present fairly the financial position of Gambia National Petroleum Corporation (GNPC) as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles (GAAP), and in the manner required by the GNPC Act, 2014.

Disclaimer of Opinion on 2016 Financial Statements

We did not express an opinion on the financial statements of Gambia National Petroleum Corporation for the year ended 2016. Due to the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for Qualified Opinion

Accounting for Block Rental Income

D119.2m was reported as Rental Income from Blocks A1 and A4 in Note 3 of the Financial Statements. This relates to license collected by the Corporation for block rentals on behalf of the Ministry of Petroleum. According to Management, the Corporation has a share of the income from license fees received. However, Management could not determine or provide evidence of its share. The full amount was recognised as income to the Corporation, thereby overstating the income balance reported in the financial statements. Consequently, we could not determine the possible adjustments if any that might have been necessary for the year ended 31 December 2017.

Independent Auditor's Report – (Continued)

To the members of Gambia National Petroleum Corporation

Unsubstantiated Adjustments in Retained earnings

As detailed in Note 20 of the Financial Statements, the retained earnings balance includes prior year adjustment of D384.3 million. The adjustments included transactions which were not adequately supported. Accordingly, we could not obtain sufficient audit evidence to substantiate or verify the validity of the transactions listed below:

1. D43.4m relating to adjustments made in cash and bank;
2. D72.9m relating to write off of station receivables;
3. D130.9m relating to write off of coupons sold;
4. Reversal of D20.3m due from WMS Oil Company Limited;
5. Reversal of D7.9m due to SAMIR Company Limited.
6. D704.1m written off from inventory;

Other Payables not supported

As detailed in Note 18, Other Payables balance of D40.7m included Training and Resource balance of D36.3m. Management could not provide evidence on who the balance of D36.3m was payable to as at 31 December 2017. With insufficient evidence from Management, we were unable to ascertain the rights, obligations and existence of the Other Payable balance.

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

We are independent of the Corporation 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 financial statements in The Gambia and we have fulfilled our other responsibilities in accordance with IFAC Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Gambia National Petroleum Corporation Act 2014. The other information does not include the financial statements and our auditor's report thereon.

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

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

Independent Auditor's Report – (Continued)

To the members of Gambia National Petroleum Corporation

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Generally Accepted Accounting Principles and the requirements of the Gambia National Petroleum Corporation Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Corporation'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 Corporation or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation's ability to continue as a going concern.
- If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

Independent Auditor's Report – (Continued)

To the members of Gambia National Petroleum Corporation

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

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

DT Associates

DT Associates

Chartered Accountants

Registered Auditors

Aji Penda Sankareh

Partner

Dated *31st December* 2019



Income statement

for the year ended 31 December 2017

	Notes	31-Dec-17 D.000	31-Dec-16 D.000
Turnover	1.2, 2	1,291,129	2,199,681
Cost of sales	6	(1,134,483)	(1,711,525)
Gross profit		156,646	488,156
Exploration - Rental Income	3	119,170	-
Other Operating Income	4	3,370	6,551
Other Income	5	133	(30,751)
Operating profit		279,319	463,956
Administrative costs		(535,536)	(32,521)
Staff Cost	11	(28,889)	(21,993)
Finance cost	10	(15,285)	(6,285)
Depreciation Charge	1.3, 12	(28,042)	(20,072)
Total expenses		(607,752)	(80,871)
Operating profit before tax		(328,433)	383,085
Taxation	1.5, 8	(12,946)	(101,452)
Profit for the financial year		(341,379)	281,633

The notes form an integral part of these financial statements




Balance sheet

as at 31 December 2017

		31-Dec-17 D.000	31-Dec-16 D.000
Assets	Notes		
Non-current assets			
Property, plant and equipment	1.3,12	366,394	379,704
Equity investment	13	128,173	128,210
		<u>494,567</u>	<u>507,914</u>
Current assets			
Cash at bank and in hand	14	213,286	185,186
Trade and other receivables	15	671,983	2,055,734
Inventory	16	29,458	284,148
Total current assets		<u>914,727</u>	<u>2,525,068</u>
Total assets		<u><u>1,409,294</u></u>	<u><u>3,032,982</u></u>
Equity and liabilities			
Capital and reserves			
Share capital	19	20,000	20,000
Retained earnings	20	1,064,035	1,021,135
Total capital and reserves		<u>1,084,035</u>	<u>1,041,135</u>
Current and non-current liabilities			
Trade Payables	17	187,766	1,722,152
Other payables	18	40,680	185,828
Corporation tax		96,813	83,867
Total current liabilities		<u>325,259</u>	<u>1,991,847</u>
Total equity and liabilities		<u><u>1,409,294</u></u>	<u><u>3,032,982</u></u>

These financial statements were approved by the Board of Directors on 31st Dec 2019 and were signed on its behalf by:

.....Director

.....Director

The notes form an integral part of these financial statements



Statement of Changes in Equity

for the year ended 31 December 2017

	Note	Share Capital D.000	Profit & Loss a/c D.000	Total D.000
As at 1 st January 2016		20,000	751,746	771,746
Profit for the period		-	281,633	281,633
Prior year adjustment	a	-	(18,721)	(18,721)
Retained Earnings Reconciliation	b	-	6,477	6,477
As at 1 st January 2017	19	20,000	1,021,135	1,041,135
Profit for the year		-	(341,379)	(341,379)
Special Adjustment	20	-	384,279	384,279
As at 31 st December 2017		20,000	1,064,035	1,084,035

a. The adjustment was made to reconcile the tax asset between the 2015 signed accounts and the general ledger balance.

b. The retained earnings reconciliation was done to address transactions posted in the general ledgers that could not be substantiated.

The special adjustment was mainly due to the correction of general ledgers e.g. ITFC D1.65billion, suspense account (D971million), Coupon sold D130million, inventory reconciliation (D292million), stations receivable balances of D72million and WMS-oil amounting to (D20.34million) etc. These transactions are adjusted in order to reflect the reserve position as indicated by the circularization from suppliers and annual stock count.

The notes form an integral part of these financial statements.



Statement of Cash flow

for the year ended 31 December 2017

	Notes	31-Dec-17 D.000	31-Dec-16 D.000
Cash flows from operating activities			
Operating profit		(328,433)	383,085
Depreciation charges		28,042	20,072
Changes in trade and other receivables		1,383,751	(1,368,122)
Changes in inventory		254,690	294,788
Changes in Payables		(1,679,534)	542,998
Retained earnings reconciliation		384,279	(6,477)
PY Write-off (Fixed assets)		35	-
Net bank charges		-	(1,371)
Cash generated by operations		42,830	(135,027)
Corporation tax		-	(8,510)
Net cash generated by operations		42,830	(143,537)
Cash flows from investing activities			
Purchase of property, plant and equipment		(14,730)	(35,617)
Dividend received		-	2,475
Net cash flows from investing activities		(14,730)	(33,142)
Increase in cash and cash equivalents		28,100	(176,679)
Cash and cash equivalents at the beginning of the period		185,186	361,865
Cash and cash equivalents at the end of the period	14	213,286	185,186

The notes form an integral part of these financial statements.



Notes to the financial statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are material in relation to the Corporation's financial statements.

1.1. Accounting convention

The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles and relevant sections of the Gambia National Petroleum Corporation ACT, 2014.

1.2. Revenue recognition

Rental income represents the amount received on the rentals of the licensed areas Block A1, A4 and onshore including duties but net of sales tax. Turnover represents the amount invoiced for the sale of petroleum products, including duties and net of sales tax.

1.3. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes all costs incurred in acquiring the assets plus all directly attributed cost incurred in bringing the asset to its present location necessary for the asset to become operational.

Depreciation is provided at the following annual rates in order to write off the cost of each asset on a straight-line basis over its estimated useful life.

Land and building	4%
Plant and machinery	10%
Computer equipment	33%
Office equipment	33%
Fixtures & fittings	15%
Motor vehicles	20%
Other Assets	20%

1.4. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are converted at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Gains and losses on exchange are transferred to the income statement in the period in which they arise.

1.5. Taxation

Taxation is provided at 1.00% of turnover or 27% of taxable profits whichever is greater in accordance with the income tax laws of The Gambia.

1.6. Equity investment

Equity investments are valued at their nominal values as these investments are not publicly traded and there is no other reasonable basis to estimate their fair value. Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

1.7. Other financial assets

Other financial assets are recorded at market value which is the cost plus any interest accrued for the period.



2. Revenue

Revenue comprises:

	31-Dec-17 D.000	31-Dec-16 D.000
Petrol	188,110	187,255
Diesel	546,579	593,366
Kerosene	2,007	2,188
Oil and Lubricants	1,006	1,417
Spare Parts	97	628
Car Wash	116	437
Vehicle Servicing	-	18
Heavy Fuel Oil (HFO)	558,440	1,422,075
Trade discount	(5,226)	(7,703)
	<u>1,291,129</u>	<u>2,199,681</u>

3. Rental income

	31-Dec-17 D.000	31-Dec-16 D.000
Block A1 and A4	119,170	-
Data Sales	-	-
	<u>119,170</u>	<u>-</u>

Rental income represents the total amount of rental income received from International Oil Companies on block rentals of offshore blocks rentals. Data sales relates to proceeds received from sales of seismic information and data about petroleum reserves in The Gambia.

4. Other operating income

	31-Dec-17 D.000	31-Dec-16 D.000
Other income	918	4,134
Sale of tender documents	136	36
Dividend income	-	2,381
Rental Income	894	-
Station Rental	1,422	-
	<u>3,370</u>	<u>6,551</u>



5. Other Income/(loss)

	31-Dec-17 D.000	31-Dec-16 D'000
Exchange gain/(loss)	31	(31,495)
Interest: Foreign Currency Transactions	-	2
Interest: Short term deposits	-	5
Other Interest Received	102	737
	<u>133</u>	<u>(30,751)</u>

6. Cost of sales

	31-Dec-17 D.000	31-Dec-16 D.000
Petrol	160,740	135,523
Diesel	418,399	316,912
Kerosene	2,867	2,494
Oil and Lubricants	731	984
Car Wash	23	196
Throughput	1,835	28,618
Fuel Transportation/Delivery	2,864	5,031
Spare Parts	63	315
Coupon Purchase	1	-
Discount Received	(4)	-
Heavy Fuel Oil (HFO)	545,474	1,176,308
Throughput HFO	-	42,487
Transport HFO	1,490	2,657
	<u>1,134,483</u>	<u>1,711,525</u>

7. Profit before taxation is stated

	31-Dec-17 D.000	31-Dec-16 D.000
after charging:		
Auditors remuneration	280	250
Depreciation	<u>28,042</u>	<u>20,072</u>



8. Taxation

The tax charged in the income statement comprises of:

	31-Dec-17 D.000	31-Dec-16 D.000
Tax provision at 1.00% on turnover or 27% on taxable profit)	12,946	101,452

The tax liability included on the balance sheet comprises of:

	31-Dec-17 D.000	31-Dec-16 D.000
Balance at beginning of the year	83,867	(9,075)
Less:		
amounts paid during the year	-	(8,510)
Add:		
tax charge in the income statement	12,946	101,452
Balance at the end of the year	96,813	83,867

9. Employees

The total number of persons (including executive directors) employed by the corporation during the year were as follows:

	31-Dec-17	31-Dec-16
Management	3	2
General staff	237	259
	240	261

10. Finance cost

	31-Dec-17 D.000	31-Dec-16 D.000
Bank charges	11,970	6,200
Commission	3	68
COT	1,130	-
Interest on OD	2,182	-
Write Off	-	17
	15,285	6,285



11. Staff Cost

The total remuneration of the staff employed by the corporation is as detailed below:

	31-Dec-17 D.000	31-Dec-16 D.000
Salaries and wages	12,612	9,672
Allowances	8,603	7,192
Federated Pension Scheme	2,698	2,428
Injury Compensation Fund	37	36
Staff welfare	70	250
Local training	986	328
Overseas training	1,837	-
Staff medical cost	2,046	2,087
	28,889	21,993

12. Property, plant and equipment

	Land & buildings D.000	Plant Machinery & Equipment D.000	Furniture, & fittings D.000	Motor Vehicles D.000	Computer Equipment D.000	Other Assets D.000	Work-in-progress D.000	Total D.000
Cost								
At 1 January 2017	385,978	42,229	2,952	18,567	6,904	3,573	9,994	470,197
Additions		837	1,214	9,568	2,410	701	-	14,730
PY Write-off						(35)		(35)
At 31 Dec 2017	385,978	43,066	4,166	28,135	9,314	4,239	9,994	484,892
Depreciation								
At 1 January 2017	35,039	29,766	2,413	14,593	5,862	2,818	-	90,491
Charge for the year	16,256	4,244	432	4,071	2,548	491		28,042
PY Write-off 12.a						(35)		(35)
At 31 Dec 2017	51,295	34,010	2,845	18,664	8,410	3,274	-	118,498
Net book value								
At 31 Dec 2017	334,683	9,056	1,321	9,471	904	965	9,994	366,394
Net book value								
At 31 Dec 2016	350,937	12,463	539	3,974	1,042	755	9,994	379,704

12.a The write-off amounting D35,000 arises a result of a motor bike which had completely worn-out due to an accident.



13. Equity investment

	31-Dec-17 D.000	31-Dec-16 D.000
Equity investment in Gam Petroleum	128,173	128,210
	<u>128,173</u>	<u>128,210</u>

This represents an investment in the Gam Petroleum storage facility following a government directive in 2008. GNPC's investment represents a 10% stake into Gam Petroleum Limited.

14. Cash and Bank

	31-Dec-17 D.000	31-Dec-16 D.000
Cash in Hand	6	45
Cash at Bank	213,280	185,141
	<u>213,286</u>	<u>185,186</u>

15. Trade and other receivables

		31-Dec-17 D.000	31-Dec-16 D.000
Trade Receivables	15.1	652,731	1,030,838
Staff Loans	15.2	15,485	12,556
Other Receivables	15.3	3,767	35,712
Suspense A/c	15.4	-	976,628
		<u>671,983</u>	<u>2,055,734</u>

15.1 Trade receivables

		31-Dec-17 D.000	31-Dec-16 D.000
Coupon		77,810	41,358
Spare parts		336	226
Oil & lubricant		(5,510)	84
Fuel customer		976,340	989,968
VAT receivables		-	(277)
Station rental		1,275	4
Other trade receivables		75,753	(525)
Provision for Nawec & OP receivable		<u>(473,273)</u>	<u>-</u>
		<u>652,731</u>	<u>1,030,838</u>

15.1.a This comprises of 50% impairment recognised on the balance of D816million receivable from NAWEC and 100% impairment on the receivable balance of D64million from Office of the President and GOTG.



15.2 Staff Loans

	31-Dec-17 D.000	31-Dec-16 D.000
Land and Building	9,492	8,340
Vehicle/M cycle	4,547	2,788
Personal	257	222
Miscellaneous	832	624
1 x 6 advance	206	259
Staff shortages	8	72
Salary advance	26	32
Emergency loan	117	219
	15,485	12,556

15.3 Other Receivables

		31-Dec-17 D.000	31-Dec-16 D.000
President's Office & GOG	15.3 a	57,873	57,873
Provision of President's office		(57,873)	(26,288)
Others		2,378	2,368
Prepayments		1,633	1,633
Sales receipt		(102)	126
Output VAT		(441)	-
MOP Pre-financing		299	-
Qatari Joint Venture	15.3.b	29,085	29,085
Provision on joint venture		(29,085)	(29,085)
		3,767	35,712

15.3 a. This amount comprises of payment of D24million to M A Karafi and Sons in 2014, cash withdrawals by OP D21million in 2013 and 2014, D10million loan to OP for prison refurbishment in 2012 and university sponsorship payments of D2.9million sanctioned by the former presidency. Full provision of these amounts has been taken as the recovery is remote.

15.3 b The Qatari Joint venture is an investment in the industrial, commercial and agricultural projects such as rice processing plants and feed mills. As recovery of this amount is not probable thus it has been fully provided for.

15.4 Suspense A/c

The suspense general ledger is a cash account maintained with the central bank in 2016 to facilitate and eased the acquisition of scarce foreign currency to settle the Corporation's outstanding obligations with the ITFC. However, upon detailed reconciliation with the Central Bank there remains an amount of D76million representing excess funds transferred over the period reported in Other Trade Receivables in Note 15.1



16. Inventory

	31-Dec-17 D.000	31-Dec-16 D.000
Petrol	9,884	81,472
Gas / Diesel	12,698	117,127
Kerosine	185	779
Oil & Lubricant	4,555	8,925
Spare parts	2,136	4,026
Coupon stock	-	1,889
Heavy Fuel Oil (HFO)	-	69,930
	29,458	284,148

17. Trade Payables

	31-Dec-17 D.000	31-Dec-16 D.000
Trade payables	192,867	1,724,154
Input VAT	(5,101)	(2,002)
	187,766	1,722,152

18. Other payables

	31-Dec-17 D.000	31-Dec-16 D.000
GRA - income tax	136	3
Credit union	3	1
GRA -environmental tax	2	2
SSHFC pension contr.	1	1
Withholding tax	993	-
Net pay	76	(19)
Training & resource	36,326	(3,545)
Other account payables	331	1,860
Coupons sold	626	130,015
Security deposit liability	-	37
Accrued expenses	2,186	57,473
	40,680	185,828



19. Share capital

	31-Dec-17 D.000	31-Dec-16 D.000
Issued and fully paid	20,000	20,000

The Corporation was established by the Government of The Gambia under the GNPC Act 2014, a related party that owns 100% of the share capital. Prior to the legislative and Executive validation of GNPC Act 2014, the Corporation operated as a Company Limited with shareholding owned 100% by the Government of The Gambia.

20. Statement of movement in reserves

	31-Dec-17 D.000	31-Dec-16 D.000
Opening Balance	1,021,135	751,746
(Loss) / Profit for the year	(341,379)	281,633
Prior year adjustment 20.a	384,279	(18,721)
Retained Earnings Reconciliation	-	6,477
At the end of the year	1,064,035	1,021,135

20.a The prior year adjustment was mainly due to the correction of general ledgers e. g ITFC D1.65billion, suspense account (D971million), Coupon sold D130million, inventory reconciliation (D292million), stations receivable balances of D72million and WMS-oil amounting to (D20.34million) etc. These transactions are adjusted in order to reflect the reserve position as indicated by the circularization from suppliers and annual stock count.

21. Litigation

As at reporting date, the Directors are not aware of any pending filed cases against the Corporation and do not expect any liability arising from legal actions to have a material effect on the financial situation or the results of the future operations of the Corporation.

22. Related Party

Related party receivable balances as at 31st December 2017 are as listed below:

Customer Name	Amount	Customer Name	Amount
NAWEC (HFO)	816,624,899.37	Ministry of Justice	1,044,150.00
Office of The President	122,833,294.70	Ministry of Agriculture (MOA)	1,022,630.90
Gambia Transport Services Co (GTSC)	35,235,899.31	Gambia Civil Aviation Authority	960,700.00
Gamtel	23,236,344.86	A.M.R.C	855,850.00
Gambia Ports Authority	13,527,324.06	Gambia International Airline (GIA)	765,970.20
Gamcel CO. Ltd	6,745,848.49	Department of Livestock Services	725,000.00
Gam Petroleum Storage Facility Co Ltd	3,324,203.48	Ministry of Health & Social Welfare	420,675.58
Gambia Fire and Rescue Services (GFRS)	2,949,053.94	National Assembly	350,000.00
National Intelligence Agency (NIA)	2,917,040.00	Office of The Vice President	323,229.88
Gambia Police Force	2,772,829.88	Prisons Department	300,000.00
Department of Agriculture (D.O.A)	2,660,040.00	Directorate of Internal Audit (DIA)	275,000.00
State Intelligence Services (SIS)	1,746,420.00	Ministry of Foreign Affairs	250,000.00
Ministry of youths and sports/GSI	1,489,876.92	GPPA	245,050.00
GRTS	1,149,290.00	Ministry of Energy	233,677.48
Gambia Immigration Department	175,905.38	Gambia Printing & Publishing Corporation	91,090.00
Ministry of Finance	159,500.00	Ministry of Forestry and Environment	55,000.00
Ministry of Environment	143,000.00	Ministry of Women's Affairs	21,256.00
Ministry of Justice	130,000.00	Ministry of Fisheries (Agriculture Project)	100,000.00

Supplementary information

Administrative expenses

	31-Dec-17	31-Dec-16
	D.000	D.000
Overseas travel	1,858	114
Per diem	20	67
Local travel	530	399
Donation	1,333	2,408
Staff Entertainment	466	237
Board Allowances	295	230
Board Expenses	193	1
Inauguration ceremony	-	2,808
Office Provisions	529	467
Admin/General Expense	4,697	2,879
Fuel Coupons	761	1,709
Sundry admin	3	-
Stationery	406	421
Computer supplies and expenses	541	205
News papers & magazines	52	4
Honorarium	670	586
Promotion & adverts	660	563
Trade license	144	150
Station insurance	268	595
Office rent	169	716
Consultancy services	468	202
Audit fees	280	250
Legal Fees	303	60
Membership subscription	-	1,180
Uniforms	78	569
Cleaning materials	354	371
Water	1,112	1,202
Electricity	1,731	2,270
Other departments support	514	618
National Education Levy	100	50
Computer repairs & maintenance	661	57
Land scaping /garden	44	393
Building repairs	1,069	809
Equip. Maint. & repairs	1,056	1,640
Furniture repair & maintenance	16	7
Installations	2	-
Internet	1,232	459
Postage & handling	6	12
Telephone & faxes	647	584
Fuel	6,289	5,325
Gen repairs & maintenance	288	525
Insurance	144	273
Repairs and maintenance	681	1,033
License	8	72



Provision for Nawec & OP receivable

a	<u>504,858</u>	<u>-</u>
	<u>535,536</u>	<u>32,521</u>

- a. The significant increase on the administrative cost comprises of 50% provision of NAWEC trade receivable amounting to D408million, 100% provision of presidents' office and GOTG amounting 97million.