



11 PLC

***UNAUDITED FINANCIAL STATEMENT FOR THE PERIOD
ENDED MARCH 31, 2018.***

1 Mobil Road, Apapa, Lagos.


Mobil™


11 plc
 Unaudited Statement of Financial Position
 As at March 31, 2018

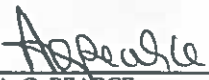
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	Note	March 2018	December 2017
Assets			
Non-current assets			
Property plant and equipment	2	9,001,041	8,780,077
Intangible assets	3	61,055	64,863
Investment property	4	25,305,002	25,949,059
Prepayments	5	2,331,381	2,033,239
Total non-current assets		36,898,479	36,827,238
Current assets			
Inventories	6	12,919,017	7,948,601
Prepayments	5	4,664,536	7,435,402
Trade and other receivables	7	16,309,582	18,047,817
Cash & Cash equivalent	16	1,952,799	4,389,870
Total current asset		34,845,944	37,821,690
Total assets		71,544,423	74,648,928
Equity and Liabilities			
Equity			
Share capital		180,298	180,298
Share premium		14,380	14,380
Retained income and other reserves	18	29,920,325	27,164,151
Total equity		30,115,003	27,358,829
Current liabilities			
Current tax payable	12	3,733,928	2,355,463
Trade and other payables	8	14,057,379	19,543,153
Current portion of deferred income	9b	4,891,434	6,239,707
Total current liabilities		22,682,741	28,138,323
Non current liabilities			
Deferred tax liability	10	2,180,955	2,190,178
Deferred income	9a	16,615,724	16,961,598
Total non-current liabilities		18,746,679	19,151,776
Total liabilities		41,429,420	47,290,098
Total Equity and Liabilities		71,544,423	74,648,928

The financial statements, accounting policies and the notes were signed on behalf of the Board of Directors on April 30, 2018 by:


 A. A. OYEBANJI
 FRC/2014/IODN/00000007151
 MANAGING DIRECTOR


 RAMESH VIRWANI
 FRC/2014/ANAN/00000009240
 EXECUTIVE DIRECTOR


 A. O. PEARCE
 FRC/2017/ICAN/00000017335
 ACCOUNTING MANAGER

11Plc
 Unaudited Statement of Profit or Loss
 For the Period Ended March 31, 2018

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Statement of Income	Note(s)	Jan - Mar 2018	Jan - Mar 2017
Revenue		45,076,048	25,168,711
Cost of sales		(40,059,287)	(22,138,073)
Gross profit		5,016,806	3,030,638
Other income	14	2,080,665	1,621,184
Selling and distribution expenses		(2,081,583)	(1,695,288)
Administrative expenses		(1,110,443)	(823,706)
Other operating expense		-	(22,226)
Operating profit		3,955,445	2,110,602
Finance income		123,002	161,752
Finance costs		(1,706)	
Profit before exceptional items		4,076,741	2,272,354
Exceptional items	18	-	(2,229,019)
Profit before taxation		4,076,741	43,335
Income tax expense	12	(1,320,567)	(30,276)
Profit for the period		2,756,174	13,059
Basic earnings per share (kobo)		764	4
Statement of Other Income			
		Jan - Mar 2018	Jan - Mar 2017
Items that will not be reclassified to profit or loss			
Actuarial gains /(losses)		-	1,863,768
Income tax effect on remeasurement		-	(252,277)
Other comprehensive income net of tax		-	1,267,362
Total comprehensive income for the period		2,756,174	1,280,421

March 2018	Share capital	Share premium	Total share capital	Retained earnings	Other Reserves	Total equity
At the beginning of the year	180,298	14,380	194,678	27,164,151	-	27,358,829
Comprehensive income for the year	-	-	-	2,650,174	-	2,650,174
Lifetime curtailment loss	-	-	-	-	-	-
Dividend payment	-	-	-	-	-	-
Other Comprehensive Income/(loss) for the year	-	-	-	-	-	-
At the end of the period	180,298	14,380	194,678	29,814,325	-	30,009,003

December 2017	Share capital	Share premium	Total share capital	Retained earnings	Other Reserves	Total equity
At the beginning of the year	180,298	14,380	194,678	22,530,180	(1,267,362)	21,457,496
Comprehensive Income for the year	-	-	-	7,518,733	-	7,518,734
Lifetime curtailment loss	-	-	-	-	1,267,362	1,267,362
Dividend payment	-	-	-	(2,884,762)	-	(2,596,286)
Other Comprehensive Income/(loss) for the year	-	-	-	-	-	(2,884,762)
At the end of the period	180,298	14,380	194,678	27,164,151	-	27,358,829

11Plc
 Unaudited Statement of Cash Flows
 For the Period Ended March 31, 2018

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Note	Jan - Mar 2018	Jan - Mar 2017
OPERATING ACTIVITIES		
Operating Profit	3,955,445	2,110,602
Adjustment for non cash items		
Depreciation of fixed assets	800,198	822,114
Provision for pension plan	-	35,621
Amortization of intangible assets	3,805	4,051
(Gain) / Loss on disposal of fixed assets	-	22,226
Total non cash items	804,006	884,012
Changes in current assets and liabilities		
Decrease/(Increase) in inventories	(4,970,415)	10,630
Decrease/(Increase) in due from associated companies	(1,454,989)	1,475,468
Decrease/(Increase) in foreign currency deposit for imports	27,514	(105,003)
Decrease/(Increase) in trade debtors and bridging claims	4,647,805	(193,043)
Decrease/(Increase) in other debtors and prepayments	1,990,619	(3,784,739)
Increase/(Decrease) in due to associated companies	-	(34,786)
Increase/(Decrease) in trade creditors and bridging allowance	(7,817,059)	478,073
Increase/(Decrease) in other creditors and accruals	2,331,285	(580,705)
Increase/(Decrease) in unamortised rental income	(1,694,147)	(1,215,938)
Net changes in current assets and liabilities	(6,939,388)	(3,950,043)
Income taxes paid	29,587	4,989
Withholding tax credit utilised	(80,911)	(908,707)
Retirement benefits paid	-	(2,694,647)
Net cash generated from operating activities	(2,581,261)	(4,553,794)
INVESTING ACTIVITIES		
Purchase of fixed assets	(377,106)	116,237
Proceeds from disposal of assets	-	469,566
Payment for franchise/permit	-	-
Interest received	123,002	161,752
Net cash used in investing activities	(254,104)	747,554
FINANCING ACTIVITIES		
Increase/(Decrease) in borrowings	-	-
Dividend paid	-	-
Increase/(Decrease) in lease obligations	-	(9,476)
Interest charges	(1,706)	-
Net cash used in financing activities	(1,706)	(9,476)
Net Increase/(Decrease) in cash and cash equivalents	(2,437,071)	(3,815,715)
Cash and cash equivalents at beginning of the period	4,389,870	8,441,707
Cash and cash equivalents at end of the period	1,952,799	4,625,992

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Notes to the Unaudited Financial Statements for the period ended March 31, 2018

Reporting Entity

11Plc (formerly Mobil Oil Nigeria plc) was incorporated as a Private Limited Liability Company in 1951. It became a public limited liability company in 1978 and its share capital is listed on the Nigerian Stock Exchange.

During the 1st quarter of 2017, ExxonMobil plc conducted the transfer/sale of her 60% holding in Mobil Oil Nigeria plc. (MON) to NIPCO Investment Limited, a wholly-owned subsidiary of Nipco Plc. This sale substantially increases Nipco Group shareholding in MON to 74.18% while other investors hold 25.82%.

The Change in Control (CIC) has resulted in the change of the Company name to Double One plc (11Plc).

The Company was formed principally for the marketing of petroleum products. The Petroleum products the company sells include; Petrol, Diesel, Aviation fuel, Kerosene and Lubricants. Petrol, Diesel, and Kerosene are mainly sold through the company's service stations while Lubricants are sold through distributors. Aviation fuel is sold at Murtala Muhammed Airport.

All the fuels which the Company sells are purchased either from the Nigerian National Petroleum Corporation or from other third party suppliers. Lubricants are blended locally or purchased from ExxonMobil Corporation through a related party.

The Company also has some investment properties which are leased for office and residential purposes at market rate.

Significant accounting policies

1. Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in conformity with the Financial Reporting Council (FRC) of Nigeria Act 2011 and the Companies and Allied Matters Act. The financial statements were authorized for issue by the board of directors on April 30, 2018.

2. Functional and presentation currency

These financial statements are presented in Nigerian Naira which is the Company's functional currency. The financial statements have been rounded to the nearest thousands, except where stated otherwise.

3. Basis of measurement

The financial statements have been prepared under the historical cost convention except for the following items in the statement of financial position:

- employee loans measured at fair value using the discounted cash flow method
- inventory measured at lower of cost and net realizable value

4. Going concern

The financial statements has been prepared on a going concern basis and there are no uncertainties that may cast doubt on the company's ability to continue as such.

5. Use of estimates and judgment

In preparing the financial statements, management is required to make use of estimates and assumptions that affects the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. The statement of accounting policies form an integral part of these financial statements.

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Notes to the Unaudited Financial Statements for the period ended March 31, 2018

6. Current versus non-current classification

11Plc presents assets and liabilities in the statement of financial position based on current and/or non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Is due to be settled within 12 months after the reporting period

Or

• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Non-current assets are due to be settled more than 12 months after the reporting period.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

7. Interest in 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.

A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement has the following characteristics:

- the parties are bound by a contractual arrangement, and
- the contractual arrangement gives two or more of those parties joint control of the arrangement.

A joint arrangement is either a joint operation or a joint venture.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

11Plc accounts for the assets, liabilities and expenses relating to its interest in its joint operations in accordance with applicable IFRSs.

8. Investment property

Investment property is recognised as an asset when it is probable that the future economic benefits associated with the investment property will flow to the Company and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property.

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Notes to the Unaudited Financial Statements for the period ended March 31, 2018

Subsequent costs are included in the carrying amount of the investment property or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Cost model

Investment property is carried at cost, less depreciation and any impairment losses.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

9. Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Interest is capitalized as an increase in property, plant and equipment on major capital projects during construction. All property, plant and equipment are stated at historical cost less depreciation. Repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Assets under Construction are included in property, plant and equipment but are not subject to depreciation until they are completed.

Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted when appropriate.

The Company depreciates significant parts of plant and equipment which are replaced at intervals separately based on their specific useful lives.

Impairment losses and gains and losses on disposals of property, plant and equipment are included in profit or loss. Incomplete construction relates to uncompleted projects which are not depreciated. Upon completion, balances are reclassified to the relevant asset category for depreciation.

The useful lives of items of property, plant and equipment have been assessed as follows:

<u>Item</u>	<u>Average useful life (years)</u>
Land	Infinite
Buildings	20 - 50
Plant and equipment	10 - 30
Fixtures and fittings	5 - 15
Motor vehicles	4

10. Intangible assets

The Company's intangible assets are classified into three groups:

a) Software License:

These are acquired computer software licenses and are capitalised on the basis of costs incurred to acquire and bring to use the specific software. The costs are amortised on a straight line basis over 15 years which is the estimated useful life of the software. Costs associated with maintaining computer software programs are recognized in expense as incurred.

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Notes to the Unaudited Financial Statements for the period ended March 31, 2018

b) Franchise costs:

These are capitalised amounts paid to UAC Nigeria plc. (UAC), which gives the Company the right to use the "Mr. Biggs" Brand in its retail outlets. Amortisation is calculated using the straight line method to allocate the franchise costs over the period of the agreement between 11Plc and UAC, which has a contractual life of 10 years.

c) Permits

These are capitalized amounts paid to a third-party for a right of way permit. The permit is for 20 years and it is amortised using the straight line method.

Intangible assets amortisation is recognised in profit or loss. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. These are reviewed annually and adjusted when appropriate.

11. Financial instruments

a) Initial recognition and measurement

Financial instruments are recognised initially when the Company becomes a party to the contractual provisions of the instruments. The Company classifies its financial instruments on initial recognition as a financial asset or a financial liability.

b) Derecognition

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

c) Impairment

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

The Company adopts the following criteria when considering the financial assets not at fair value, in the books:

- Indication of any material decline in market value.
- Significant changes with long term adverse impacts that have taken place during the period or will take place in the near future.
- Material changes in interest rates.
- Evidence of adverse economic performance.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognized.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is no objective evidence of impairment for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle it on a net basis, to realise the assets and settle the liabilities simultaneously.

e) The Company's financial instruments are classified as:

- Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

I. Trade and other receivables

Trade and other receivables are measured on initial recognition at fair value, and other receivables are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset may be impaired. Significant financial difficulties of the debtor, probability that the debtor will file for bankruptcy or conduct financial reorganization, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit and loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit and loss.

II. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments.

- Financial liabilities at amortized cost

I. Other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

II. Borrowings

Borrowings are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs, to the extent there is no evidence that it is probable that some or all of the facility will be drawn down; the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

12. Current and deferred income tax

Income tax expense is the aggregate of the charge to the profit or loss account in respect of current income tax, education tax and deferred tax.

Current income tax liabilities are recognised in line with the provisions of the Companies Income Tax Act. Education tax is determined at 2% of assessable profits. Capital gains tax liability is charged on applicable capital asset disposals where the proceeds are not to be reinvested in a similar asset.

Deferred tax is provided using the liability method on all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes in accordance with the provisions of IAS 12. Current tax rates are used to determine deferred taxes.

Income taxes are recognised in profit or loss except when they relate to items recognized in other comprehensive income, in which case the tax is also recognised in other comprehensive income.

Deferred tax liabilities are recognised for all taxable temporary differences, except: When the deferred tax liability arises from the Initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets arise from deductible temporary difference, unused tax losses and unutilised tax credit. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except: When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current assets against current liabilities. Deferred income taxes assets and liabilities relate to income 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.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

13. Leases

An arrangement is recorded (or contains) as a lease based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a lessee**a) Finance leases**

These are leases that transfer substantially all the risks and rewards of ownership to the Company. They are recognised at the commencement of the lease term as finance leases and are capitalized at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Finance lease payments are apportioned between interest expense and repayments of debt.

The Company's finance leases relate to motor vehicles where it bears substantially all risks and rewards. These cars are included as part of Property, Plant and Equipment in the financial statements.

Assets acquired under lease are depreciated using the useful life of the assets. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, they are depreciated over the shorter of the useful life and the lease term.

As a lessor**b) Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

The Company owns investment properties which are leased out under operating lease agreements to a third party. The investment properties presented in the statement of financial position are in line with the accounting policy disclosed in note 4.

The lease income from the operating leases is recognized in income on a straight-line basis over the lease term. Costs, including depreciation, incurred in earning the lease income are recognized as an expense.

14. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes expenditure incurred in acquiring and transporting the stock to its present location. Cost is determined using the first-in, first-out (FIFO) method for lubricant products and weighted average method for fuels products. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. If the carrying value exceeds the net realisable value, an inventory write down is recognised.

15. Employee benefits**a) Short term benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation and sick leave, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

b) Post-employment benefits**Defined Contribution**

In compliance with the PENCOM Act of 2014, the Company adopted a defined contribution scheme in 2014 for new employees. This is a pension scheme under which 11Plc pays fixed contributions into a Pension Fund as an amount or as a percentage of the pay of participants under the scheme as disclosed in retirement benefits Notes 15. Defined contribution is at 18%.

Defined contribution payments are funded from the operating expense on a monthly basis and there is no outstanding obligation after the funding.

When the employee renders services, pension costs are recognized as expenses in the Statement of profit or loss.

As at 1st February, 2017, all active employees have been fully migrated to the defined contribution scheme, leaving annuitants to continue with the defined benefit scheme.

16. Provisions and contingencies

Provisions are recognized as best estimates on statement of financial position date. They are recognised when the company has a legal or constructive obligation as a result of past events and where it is more likely than not that an outflow of resources will be required to settle the obligation. A reliable estimate of the amount to settle the obligation must also be possible before a provision is made. The measurement of provisions takes into consideration the time value of money and risk specific to the obligation. The increase in provision due to the passage of time is recognised as an interest expense.

The carrying amount of provisions are regularly reviewed and adjusted for new facts, changes in law or regulation.

Where the above conditions are not met, a contingent asset/liability is disclosed.

17. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks.

Revenue from the sale of all petroleum products (Petrol, Aviation fuel, Diesel, Kerosene and Lubricants) is recognised at fair value of consideration received or receivable net of taxes and discounts on sales when the significant risk and rewards of ownership have been transferred and title passed to the customer.

Revenue for the sale of goods is recognized when the following conditions have been met:

- The company has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The company does not retain managerial involvement usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to 11Plc.
- The costs incurred in respect of the transaction can be measured reliably.

18. Interest Income

Interest income related to employee benefits are recognised in the Company's financial statements using the effective interest rate method and interest rate on short-term deposits are recognised in the Company's financial statements at fair value.

19. Other Income

Other income refers to all other sources of income apart from the sale of petroleum products which the Company receives. It includes amongst others, rental income and backcourt income.

Rental income refers to rent the Company gets from its investment property and service stations. This income is recognised on a straight line basis over the lease term.

Backcourt income refers to income recognised from the use of the food court on some of the Company's service stations by UAC. It is charged at a percentage of total revenue recognised by UAC at the food courts.

20. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.

Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred. The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted and ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised as expense in the period they are incurred.

21. Translation of foreign currencies

Transactions in foreign currencies are recorded at the official rates of exchange on the transaction date. At the end of each reporting period, monetary items denominated in foreign currency are retranslated at the official rates prevailing at that day while non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Assets and liabilities denominated in foreign currency are translated at the applicable official rates of exchange on the reporting date. Exchange gains and losses are included in the profit or loss of the period in which they arise.

Exchange differences on monetary items are recognised in profit or loss in the period in which they occur.

22. Segment reporting

The Company has two business segments - Petroleum Products Marketing & Property Business. The Directors have determined operating segments based on the nature of the Company's business and performance reports reported to the Chief Operating Decision Maker (CODM).

These business segments have been grouped in a manner consistent with internal reporting and as provided to the chief operating decision maker (Executive Directors). The Company's activities that are significantly integrated or interdependent are not considered as separate business segments and no operating segments have been aggregated.

The Petroleum Products Marketing segment generates revenue from the sale of white products and company lubricants while the Property business generates income from the rent paid on 11Plc's investment properties leased out to a third party.

23. Dividend payable

Proposed dividends for the year are recognised as a liability after the statement of financial position date, when declared and approved by shareholders at the Annual General Meeting.

24. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

25. Deferred income

This relates to advance rent received from investment property. The current portion is amortized to income within one year on a straight line basis while the non-current portion is initially carried at initial cost and subsequently at face value.

26. Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

In assessing value in use, the estimated future cash flows are 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.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

27. Fair value measurement

The fair value of 11Plc's employee loans and its investment properties are reported for disclosure in the financial statements. The Directors oversee all policies, procedures, significant valuation techniques and inputs for fair value measurement.

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.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

External valuers are involved for valuation of significant assets, such as investment properties and significant liabilities, such as contingent consideration.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, 11Plc has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

The fair value of 11Plc's investment properties and employee loans are categorized as Level 3.

In determining the fair value of the investment properties, the market approach valuation technique was used. There was no change in valuation technique during the year. In estimating the fair value of the investment properties the highest and best use of the properties is their current use.

The Company uses the discounted cash flows approach as the valuation technique for the employee loans.

28. Key accounting assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date which may have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. 11Plc based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

11Plc

Notes to the Unaudited Financial Statements for the period ended March 31, 2018

Valuation of Investment properties

11Plc carries its investment properties at cost however the fair values of the investment properties are also disclosed in the investment property note. The Company engaged 2 independent valuation specialists to assess their fair value as at 31 December 2015.

The investment property assets were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

There is no significant risk or uncertainty as at March 31, 2017 that will lead to material adjustment of the carrying amounts of assets and liabilities within the next financial year.

29. Key accounting Judgments

In the process of applying the Company's accounting policies, the Directors have made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Operating lease commitments – 11Plc as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Directors have determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

1 The Company

The Company was incorporated as a private limited liability company in 1951. It became a public limited liability company in 1978 and its share capital is listed on the Nigerian Stock Exchange.

Nipco Plc hold 74.18% of the issued share capital while other investors hold 25.82%.

The Company was formed principally for the marketing of petroleum products. All the fuels which the Company sells are purchased from the Nigerian National Petroleum Corporation and other third party suppliers. Lubricants are blended locally or purchased from ExxonMobil Corporation through a related party.

Property, plant and equipment

March 2018	Land	Buildings	Plant and Equipment	Fixtures and Fittings	Motor Vehicles	Asset under Construction	Total
		N'000	N'000	N'000	N'000	N'000	N'000
Cost							
At beginning of the year	749,269	5,469,837	6,443,546	316,855	356,235	1,368,119	14,703,861
Additions	-	-	-	-	-	377,106	377,106
Transfers from asset under Construction	-	-	190,060	-	-	(190,060)	-
Disposals	-	-	-	-	-	-	-
At end of the year	749,269	5,469,837	6,633,606	316,855	356,235	1,555,165	15,080,967
Depreciation							
At beginning of the year	-	(2,111,923)	(3,287,791)	(233,740)	(290,330)	-	(5,923,784)
Charge for year	-	(57,186)	(81,744)	(9,518)	(7,694)	-	(156,142)
Disposals	-	-	-	-	-	-	-
At end of the year	-	(2,169,109)	(3,369,535)	(243,258)	(298,024)	-	(6,079,926)
Net book value							
March 31, 2018	749,269	3,300,728	3,264,071	73,597	58,211	1,555,165	9,001,041

December 2017	Land	Buildings	Plant and Equipment	Fixtures and Fittings	Motor Vehicles	Asset under Construction	Total
		N'000	N'000	N'000	N'000	N'000	N'000
Cost							
At beginning of the year	749,269	5,043,566	6,452,245	322,908	360,140	760,605	13,688,733
Additions	-	64,891	128,520	-	400	1,334,369	1,528,180
Transfers from lease	-	-	-	-	-	-	-
Transfers from asset under Construction	-	395,989	330,866	-	-	(726,855)	-
Disposals	-	(34,609)	(468,085)	(6,053)	(4,305)	-	(513,052)
At end of the year	749,269	5,469,837	6,443,546	316,855	356,235	1,368,119	14,703,861
Depreciation							
At beginning of the year	-	(1,898,219)	(3,377,421)	(220,183)	(255,930)	-	(5,751,753)
Charge for year	-	(237,052)	(342,442)	(19,610)	(37,629)	-	(636,733)
Transfers from lease	-	-	-	-	-	-	-
Disposals	-	23,348	432,072	6,053	3,229	-	464,702
At end of the year	-	(2,111,923)	(3,287,791)	(233,740)	(290,330)	-	(5,923,784)
Net book value							
December 31, 2017	749,269	3,357,914	3,155,755	83,115	65,905	1,368,119	8,780,877

Intangible assets

March 2018	Software Costs	Franchise Costs	Permit	Total
	N'000	N'000	N'000	N'000
Cost				
At beginning of the year	201,551	91,041	15,045	307,637
Additions	-	-	-	-
Disposals	-	-	-	-
At end of the year	201,551	91,041	15,045	307,637
Amortization				
At beginning of the year	(150,046)	(89,908)	(2,821)	(242,774)
Amortization for the period charged to expense	(3,359)	(261)	(188)	(3,808)
Disposals	-	-	-	-
At end of the year	(153,405)	(90,169)	(3,009)	(246,582)
Net Book Value				
March 31, 2018	48,146	872	12,036	61,055

December 2017	Software Costs	Franchise Costs	Permit	Total
	N'000	N'000	N'000	N'000
Cost				
At beginning of the year	201,551	123,647	15,045	340,242
Additions	-	-	-	-
Disposals	-	(32,606)	-	(32,606)
At end of the year	201,551	91,041	15,045	307,637
Amortization				
At beginning of the year	(136,609)	(118,882)	(2,069)	(257,560)
Amortization for the period charged to expense	(13,437)	(1,368)	(752)	(15,557)
Disposals	-	30,342	-	30,342
At end of the year	(150,046)	(89,908)	(2,821)	(242,774)
Net Book Value				
December 31, 2017	51,505	1,133	12,224	64,862

Intangible assets are made up of the cost of upgrading the Company's computer systems, permits and the franchise cost paid, which gives Company owned service stations the right to have named brand in the back-court shops. The assets are amortised using straight line method with a useful life of fifteen, ten and twenty years for the software, franchise and permit cost respectively.

	March 2018	December 2017
4 Investment Property		
Opening balance	25,949,059	29,374,398
Additions	-	13,531
Disposals	-	(862,407)
Depreciation	(644,037)	(2,376,464)
Closing balance	25,905,022	25,949,059
Amounts recognized in statement of comprehensive income for the period		
Rental income from investment property	1,984,530	6,883,921
Direct operating expenses from rental generating investment property	(648,823)	(2,604,845)
5 Prepayments (Non-Current)		
Rent	1,951,923	1,784,948
Employee benefits	379,458	248,291
Prepayment and deferred charges	2,331,381	2,033,239
This represents prepaid rent for company owned service stations and prepaid employee benefits.		
Prepayments (Current)		
Rent	62,140	189,447
Trade	4,602,456	7,245,955
Total Prepayments	6,995,977	9,468,641
6 Inventories		
Raw materials	11,413,061	6,308,728
Finished products	1,505,956	1,639,873
Total	12,919,017	7,948,601
7 Trade debtors and other receivables		
Trade debtors	3,638,389	8,286,194
Bridging claims	-	-
Other debtors	675,410	99,492
Foreign currency deposit for imports	193,603	221,117
Advances and employee receivables	219,591	313,465
Due from associated companies:		
Agri Chem	1,241,565	2,683,697
Nipco Plc	9,340,974	6,443,854
EM affiliates	-	-
Total	15,309,532	18,047,817
Aging analysis of trade debtor		
Current	2,583,196	7,350,657
Overdue 1 - 30 Days	1,039,816	-
Overdue 31 - 60 days	3,601	922,327
Overdue 61 - 90 days	9,816	6,775
Overdue 91 - 180 days	1,960	6,167
Overdue 181 days	-	268
Total	3,638,389	8,286,194
8 Payables and other liabilities		
Trade creditors	5,097,853	13,535,591
Other creditors	6,188,151	3,769,407
Accruals	7,696	23,090
Bridging allowance	2,718,422	2,097,743
Lease obligation	-	-
Value Added Tax	45,257	117,322
Due to associated companies:		
Nipco Plc	-	-
EM affiliates	-	-
Total	14,057,379	19,543,153

Included in trade creditors is the deposit fee of 589M made by Dealers. The fair value of financial liabilities included above approximates the carrying amount.

	March 2018	December 2017
9 Deferred revenue		
(a) Portion of deferred revenue due after one year (Non-current)	16,615,724	16,961,598
(b) Portion of deferred revenue due within a year (Current)	4,891,484	6,239,707
10 Deferred income tax		
(a) Deferred tax movement		
At beginning of the period	(2,190,178)	(622,074)
Current period charge/ (provision)	59,223	(1,568,104)
At the end of the period	(2,130,955)	(2,190,178)
(b) Deferred tax		
Deferred tax asset		
Advance rent	4,176,304	4,196,432
Bad debt & unrealised forex	74,207	(43,026)
Total deferred tax asset	4,250,511	4,155,406
Deferred tax liability		
Accelerated depreciation	(6,035,740)	(5,999,858)
Capital gains tax rollover	(345,726)	(345,726)
Bad debt & unrealised forex	-	-
Total deferred tax liability	(6,381,466)	(6,345,584)
Net deferred tax asset/(liability)	(2,130,955)	(2,190,178)
11 Pension plan liability		
(a) Defined benefit		
Movement Analysis:		
At beginning of the period	-	(2,293,775)
Provision for the period	-	(35,621)
Payments made during the period	-	2,694,647
Pension asset funding	-	-
Additional Provision	-	(365,251)
At the end of the period	-	-
Reconciliation of amount recognised in the statement of financial position		
Defined Benefit Obligation	-	(871,588)
Funded Asset	-	871,588
Net Liability at the end of the period	-	-
(b) Defined contribution	25,916	91,689

On the 1st February, 2017, the active members transferred to Define Contribution Scheme, leaving annuitants to continue with the Defined Benefit Scheme. As at the end of 2016 reporting year, the outstanding obligations as valued by the actuary, comprised of both unfunded reserves and funded assets. The pension plan liability balance at the end of 2016 represents the shortfall of the

	March 2018	December 2017
12 Current tax analysis:		
Movement in current income tax balance		
At beginning of the period	2,730,463	2,730,465
Payments	(2,887)	(2,991,685)
Provision for the period	(329,789)	2,617,454
Withholding tax credit	(30,911)	(30,911)
At the end of the period	1,731,928	2,358,463
	March 2018	March 2017
Taxation charge for the period		
Based on profit for the period :		
Company income tax	(1,276,901)	(1,99,948)
Capital gains tax	-	-
Education tax	(10,484)	9,221
Current taxes	(1,373,269)	(1,90,727)
Deferred tax Profit & Loss		
Capital gains tax	(94,223)	221,003
Deferred tax Other Comprehensive income	-	596,406
Total Company Deferred taxes	(94,223)	817,409
Taxation Charge Profit & Loss	(1,300,667)	30,276
Taxation Charge Other Comprehensive income	-	596,406
Total company Taxation charge	(1,300,667)	626,682
The tax charge comprises of company income tax at 30% of taxable income plus education tax at 2% of taxable income before capital allowances.		
13 Other income		
Rent income	2,031,973	1,512,358
Back-court income	23,499	33,042
Others	1,194	48,630
Insurance claim	-	-
Total	2,080,666	1,594,030
Included in the Rent income is N1,983M relating to rents received from investment properties		
Finance Income		
Interest income	123,002	161,752
Total	123,002	161,752
14 Other non-operating income/(expense)		
Profit/(Loss) on disposal of investment property assets	-	(467,591)
Profit/(Loss) on disposal of property, plant & equipment	-	445,365
Total	-	(22,226)
Cash and cash equivalents		
15 Short-term bank deposits		
Trade Deposit	2,573,634	4,625,992
Overdraft	(620,835)	-
At the end of the period	1,952,799	4,625,992
Of the 1,953M short term deposit at the end of March 2018, 203M is denominated in dollars and subject to exchange rate fluctuations.		
	March 2018	December 2017
16 Dividends		
At beginning of the period	-	-
Dividend Proposed	-	2,884,762
Dividend Paid	-	(2,884,762)
At the end of the period	-	-
17 Reserves		
At the beginning of the period	27,164,152	21,262,818
Profit for the period	2,756,174	7,518,734
Other comprehensive income/(loss) for the period	-	-
Dividend paid	-	(2,884,762)
Lifetime curtailment loss after tax	-	1,267,362
At the end of the period	29,920,326	27,164,152
18 Exceptional Item		
Pension reserve analysis:		
Lifetime curtailment loss before tax settled to profit or loss	-	1,861,768
Other comprehensive income for the period	-	365,251
	-	2,229,019

On the 1st February, 2017, the Company migrated a significant portion of its Defined Benefit Scheme to Defined Contribution Scheme. This represents the actuarial loss recognised in the profit or loss on settlement in 2017.

11Pic

Notes to the Unaudited Interim Financial Statement For the Period Ended March 31, 2018

19 Segmental Information

As at March 31 2018, the Company had two reportable business segments:
(i) Petroleum Products Marketing (ii) Property Business

All MON's assets are located within Nigeria and there were no export sales made as at March 31, 2018. (2017: Nil)

Segment revenue reported below represents revenue generated from external customers. There were also no intersegment sales as at March 31, 2018 (2017: nil). The accounting policy of the reportable segments below are the same as 11Pic's accounting policies disclosed in the financial statements.

	Petroleum Products Marketing (N'000)	Property Business (N'000)	Total (N'000)
A The segment results for the period ended March 31, 2018 are as follows:			
Revenue	45,076,043	-	45,076,043
Cost of sales	(40,059,237)	-	(40,059,237)
Operating expense	(2,493,284)	(648,823)	(3,142,027)
Other income	96,135	1,984,530	2,080,665
Finance income	123,002	-	123,002
Finance costs	(1,706)	-	(1,706)
Profit before tax	2,741,034	1,335,707	4,076,741
Taxation credit/charge	(880,260)	(440,307)	(1,320,567)
Profit for the period	1,860,774	895,400	2,756,174

The segment results for the period ended March 31, 2017 are as follows:

Revenue	25,168,711	-	25,168,711
Cost of sales	(22,138,873)	-	(22,138,873)
Operating expense	(1,867,801)	(651,194)	(2,518,995)
Other income	181,425	1,439,759	1,621,184
Other non-operating expense	445,365	(467,591)	(22,226)
Finance income	161,752	-	161,752
Gain on non-current asset held for sale	-	-	-
Finance costs	-	-	-
Profit before taxation	1,951,379	320,974	2,272,354
Exceptional items	(2,229,019)	0	(2,229,019)
Taxation	261,902	(292,178)	(30,276)
Profit for the period	(15,739)	28,796	13,058

B Reconciliation of segment assets and liabilities to total assets and liabilities as at March 31, 2018:

Intangible assets	61,055	-	61,055
Segmented total assets (excl. cash and cash equivalents & deferred tax)	44,286,622	25,305,002	69,591,624
Segmented total liabilities	(17,351,000)	(21,947,465)	(39,298,465)
Deferred tax	-	(2,130,955)	(2,130,955)
Cash and cash equivalents	1,952,799	-	1,952,799
Segmented net assets	28,888,419	1,226,582	30,115,002
Capital expenditure	377,106	0	377,106
Depreciation charge for the year	(156,141)	(644,057)	(800,198)

Reconciliation of segment assets and liabilities to total assets and liabilities as at December 31, 2017:

Intangible assets	78,631	-	78,631
Segmented total assets (excl. cash and cash equivalents & deferred tax)	25,232,933	27,749,698	52,982,631
Segmented total liabilities	(12,473,401)	(23,836,788)	(36,310,189)
Deferred tax	-	(1,439,483)	(1,439,483)
Cash and cash equivalents	4,625,992	-	4,625,992
Segmented net assets	17,385,524	2,473,427	19,858,951
Capital expenditure	265,048	(381,285)	(116,237)
Depreciation charge for the year	(178,015)	(644,100)	(822,114)

Segment assets consist primarily of Investment properties, property, plant and equipment, intangible assets, Inventory, long term receivables, debtors and other receivables. Deferred taxation and cash and short term deposits are not allocated to segments as they are managed on a total company basis.

Segment liabilities comprise current taxation, unamortized rental income, payables and other liabilities and provision for liabilities & charges. Unallocated liability is deferred taxation.

Capital expenditure comprises additions to property, plant and equipment, Investment property and intangible assets.