



CONOIL PLC

**Registered office:**

Bull Plaza, 38/39, Marina,  
P.M.B. 12915, Lagos.

**Operations office:**

1, Conoil/AP Road, off Naval Dockyard Road,  
P.O.Box 45, Apapa, Lagos.  
[www.conoilplc.com](http://www.conoilplc.com)  
RC: 7288

**UNAUDITED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED  
30 SEPTEMBER 2019**



**FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

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## RESULTS AT A GLANCE

	September <b>2019</b> N'000	September <b>2018</b> N'000	% <b>Change</b>
Revenue	112,722,803	75,838,134	49
Profit before taxation	2,453,272	2,267,820	8
Taxation	(753,048)	(680,347)	11
Profit for the period	1,700,224	1,587,474	7
Retained earnings	14,441,647	13,920,760	4
Share capital	346,976	346,976	0
Shareholders' funds	18,613,393	18,092,506	3
<b><i>Per share data</i></b>			
Earnings per share (kobo)	245	229	7
Dividend per share (kobo)	-	-	-
Net assets per share (kobo)	2,682	2,607	3

The Directors of Conoil Plc ("the Company") are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 30 September 2019, and the results of its operations, cash flows and changes in equity for the period ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- making an assessment of the Company's ability to continue as a going concern

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

#### Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

The financial statements of the Company for the period ended 30 September 2019 were approved by the Directors on 24th October 2019.

On behalf of the Directors of the Company



Mr. Salam Ismail Ajani  
Finance Director  
FRC/2018/ICAN/00000018798



Dr. M. Ebietsuwa Omatsola  
Director  
FRC/2013/COMEG/00000003735



Mr. Kheterpal Hardeep Singh  
Ag. Managing Director  
FRC/2018/NIM/00000018841

**STATEMENT OF DIRECTORS' CERTIFICATION  
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

**CERTIFICATION IN PURSUANT TO S. 60(2) OF THE INVESTMENT & SECURITIES ACT NO. 29 OF 2007.**

We, the undersigned, hereby certify the following with regards to our Third Quarter (Q3) Unaudited Financial Statements for the period ended 30th September, 2019 that:

- (a). We have reviewed the reports;
- (b). To the best of our knowledge, the report does not contain -
  - (i) Any untrue statement of a material fact, or
  - (ii) Omit to state a material fact, which would make the statements misleading in the light of the circumstance under which such statement was made.

To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operations of the Company as of, and for the periods presented in the reports.

- (c).
- (d). We:
  - (i) Are responsible for establishing and maintaining internal controls;

- (ii) Have designed such internal controls to ensure that material information relating to the company and its consolidated subsidiary is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
- (iii) Have evaluated the effectiveness of the company's internal controls as of date within 90 days prior to the report;
- (iv) Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date.

- (e). We have disclosed to the Auditors of the Company and Audit Committee:

- (i) All significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's Auditors any material weakness in internal controls; and
- (ii) Any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls.
- (f). We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weakness.

**Mr. Salam Ismail Ajani**  
Finance Director  
FRC/2018/ICAN/00000018798

**\*Kheterpal Hardeep Singh**  
Ag. Managing Director  
FRC's Waiver Certificate obtained



**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

		July - Sep 2019 N'000	July - Sep 2,018 N'000	Jan-Sep 2019 N'000	Jan- sep 2,018 N'000
Revenue	5	40,503,780	21,356,841	112,722,803	75,838,134
Cost of sales	6	(36,139,043)	(17,260,028)	(101,665,509)	(65,350,127)
<b>Gross profit</b>		<b>4,364,737</b>	<b>4,096,813</b>	<b>11,057,294</b>	<b>10,488,007</b>
Other operating income	7	30,900	20,415	92,700	134,904
Other gains or losses	8	-	-	-	14,127
Distribution expenses	9	(740,372)	(473,210)	(1,767,967)	(1,665,782)
Administrative expenses	10	(2,058,708)	(1,780,179)	(5,095,914)	(5,219,736)
Finance cost	11	(661,954)	(405,794)	(1,832,841)	(1,483,700)
<b>Profit before tax</b>	12	<b>934,603</b>	<b>1,458,045</b>	<b>2,453,272</b>	<b>2,267,820</b>
Income tax expense	13	(267,073)	(421,215)	(753,048)	(680,347)
<b>Profit for the period</b>		<b>667,529</b>	<b>1,036,830</b>	<b>1,700,224</b>	<b>1,587,473</b>
<b>Other comprehensive income for the period net taxes</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>667,529</b>	<b>1,036,830</b>	<b>1,700,224</b>	<b>1,587,473</b>
<b>Earnings per share</b>					
Basic earnings per share (kobo)	14	96	149	245	229
Diluted earnings per share (kobo)	14	96	149	245	229
Proposed dividend per share(kobo)		-	-	-	-

The notes on pages 9 to 47 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2019**

Assets	Note	September 2019 N'000	December 2018 N'000
<b>Non-current assets</b>			
Property, plant and equipment	15	2,327,646	3,084,601
Intangible assets	16	41,267	49,841
Investment property	17	211,013	248,250
Other financial assets	18	10	10
Prepayments	19	189,549	193,412
Deferred tax assets	13	2,412,680	2,412,680
<b>Total non-current assets</b>		<b>5,182,165</b>	<b>5,988,794</b>
<b>Current assets</b>			
Inventories	20	8,407,674	9,141,599
Trade and other receivables	21	22,690,274	30,295,098
Prepayments	19	370,914	118,900
Cash and bank balances	22	17,235,273	15,352,855
<b>Total current assets</b>		<b>48,704,135</b>	<b>54,908,452</b>
<b>Total assets</b>		<b>53,886,300</b>	<b>60,897,246</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	23	346,976	346,976
Share premium	23	3,824,770	3,824,770
Retained earnings	24	14,441,647	14,129,328
<b>Total equity</b>		<b>18,613,393</b>	<b>18,301,074</b>
<b>Non - Current liabilities</b>			
Distributors' deposits	27	497,849	497,034
Deferred tax liabilities	13	400,435	400,435
Decommissioning liability	28	57,004	57,004
<b>Total non-current liabilities</b>		<b>955,288</b>	<b>954,473</b>
<b>Current liabilities</b>			
Borrowings	25	11,947,131	4,766,240
Trade and other payables	26	20,180,019	35,065,872
Current tax payable	13	2,190,468	1,809,587
<b>Total current liabilities</b>		<b>34,317,618</b>	<b>41,641,699</b>
<b>Total liabilities</b>		<b>35,272,906</b>	<b>42,596,172</b>
<b>Total equity and liabilities</b>		<b>53,886,300</b>	<b>60,897,246</b>

*These financial statements were approved by the Board of Directors on 24th October 2019 and signed on its behalf by:*



**Mr. Salam Ismail Ajani**  
Finance Director  
FRC/2018/ICAN/00000018798



**Dr. M. Ebietsuwa Omatsola**  
Director  
FRC/2013/COMEG/00000003735



**Mr. Kheterpal Hardeep Singh**  
Ag. Managing Director  
FRC/2018/NIM/00000018841

The notes on pages 9 to 47 form part of these financial statements.

	Share capital N'000	Share premium N'000	Retained earnings N'000	Total equity N'000
Balance at 1 January 2018	346,976	3,824,770	13,721,190	17,892,936
Profit for the period	-	-	1,587,474	1,587,474
Other comprehensive income (net of tax)	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>1,587,474</b>	<b>1,587,474</b>
Dividends to shareholders	-	-	(1,387,904)	(1,387,904)
<b>Balance at 30 September 2018</b>	<b>346,976</b>	<b>3,824,770</b>	<b>13,920,760</b>	<b>18,092,506</b>
Balance at 1 January 2019	346,976	3,824,770	14,129,328	18,301,074
Profit for the period	-	-	1,700,224	1,700,224
Other comprehensive income (net of tax)	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>1,700,224</b>	<b>1,700,224</b>
Dividends to shareholders	-	-	(1,387,904)	(1,387,904)
<b>Balance at 30 September 2019</b>	<b>346,976</b>	<b>3,824,770</b>	<b>14,441,648</b>	<b>18,613,394</b>

The notes on pages 9 to 47 form part of these financial statements.



**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

		September <b>2019</b>	September <b>2018</b>
	<b>Note</b>	<b>N'000</b>	<b>N'000</b>
Profit before tax		1,700,224	2,267,820
<b>Adjustments to reconcile profit before tax to net cash provided:</b>			
Interest from bank deposits	7	-	(10,485)
Interest on delayed subsidy payment	7	-	-
Interest on bank overdraft	11	1,832,841	1,483,699
Accretion expense	11	-	-
Depreciation of property, plant and equipment	15	899,188	899,800
Amortisation of intangible assets	16	8,575	7,961
Depreciation of investment property	17	37,238	37,238
Withholding tax credit	13	(238,067)	-
<b>Changes in working capital:</b>			
Increase in inventories		733,925	(6,747,289)
Increase in trade and other receivables		7,356,674	308,099
Decrease in trade and other payables		(14,008,884)	872,862
(Decrease)/increase in distributors' deposits		815	424
<b>Cash used by operations</b>		<b>(1,677,473)</b>	<b>(879,873)</b>
Tax paid		(134,099)	(865,915)
Value added tax paid		(123,923)	(234,492)
<b>Net cash used in operating activities</b>		<b>(1,935,495)</b>	<b>(1,980,280)</b>
<b>Cashflows from investing activities</b>			
Purchase of property, plant and equipment	15	(142,233)	(574,128)
Purchase of intangible assets	16	-	-
Purchase of investment property	17	-	-
Interest received	7	-	10,485
<b>Net cash used in investing activities</b>		<b>(142,233)</b>	<b>(563,643)</b>
<b>Cashflows from financing activities</b>			
Interest paid	11	(1,832,841)	(1,483,700)
Dividends paid	24	(1,387,904)	(1,387,904)
<b>Net cash used in financing activities</b>		<b>(3,220,745)</b>	<b>(2,871,604)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(5,298,472)</b>	<b>(5,415,527)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>10,586,614</b>	<b>20,595,955</b>
<b>Cash and cash equivalents at 30 September</b>	<b>22</b>	<b>5,288,142</b>	<b>15,180,427</b>

The notes on pages 9 to 47 form part of these financial statements.

## 1. The Company

Conoil Plc ("The Company") was incorporated in 1960. The Company's authorised share capital is 700,000,000 ordinary shares of 50k each.

The Company was established to engage in the marketing of refined petroleum products and the manufacturing and marketing of lubricants, household and industrial chemicals.

### 1.1 Composition of Financial Statements

The financial statements are drawn up in Nigerian Naira, the financial currency of Conoil Plc, in accordance with IFRS accounting presentation. The financial statements comprise:

- Statement of profit or loss and other comprehensive income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements

Additional information provided by the management includes:

- Value added statement
- Five-year financial summary

### 1.2 Financial period

These financial statements cover the financial period from 1 January 2019 to 30 September 2019 with comparative figures for the financial period from 1 January 2018 to 30 September 2018.

## 2. Adoption of new and revised International Financial Reporting Standards (IFRS) and Interpretations by the International Financial Reporting Interpretations Committee (IFRIC)

### 2.1 Accounting standards and interpretations issued and effective

The following revisions to accounting standards and pronouncements were issued and effective at the reporting period.

#### Effective for the financial year commencing 1 January 2018

- IFRS 9 Financial Instruments
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions
- IFRS 15 Revenue from Contracts with Customers
- Applying IFRS 9 Financial Instruments with IFRS 4 - Insurance Contracts
- Amendments to IAS 40: Transfers of Investment Property
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture

### 2.2 Accounting standards and interpretations issued but not yet effective

The following revisions to accounting standards and pronouncements that are applicable to the Company were issued but are not yet effective. Where IFRSs and IFRIC interpretations listed below permit early adoption, the Company has elected not to apply them in the preparation of these financial statements.

The full impact of these IFRSs and IFRIC Interpretations is currently being assessed by the company, but none of these pronouncements are expected to result in any material adjustments to the financial statements.

#### Effective for the financial year commencing 1 January 2019

- IFRS 16 - Leases
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
- Interpretation 23: Uncertainty over Income Tax Treatments
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

#### Effective for the financial year commencing 1 January 2020

- Amendments to References to Conceptual Framework in IFRS Standards

#### Effective for the financial year commencing 1 January 2021

- IFRS 17 - Insurance Contracts

## 2.1 Accounting standards and interpretations issued and effective

All standards and interpretations will be adopted at their effective date and their implications on the Company are stated below:

Standard/Interpretation effective as at 31 December 2018	Date issued by IASB	Effective date Periods beginning on or after	Summary of the requirements and assessment of impact
IFRS 9 Financial Instruments	24 July 2014	1 January 2018 Early adoption is permitted	<p>The IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.</p> <p>This standard will have a significant impact on the Company, which include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company.</p> <p>The amendments apply retrospectively. The Company will adopt the amendments for the year ending 31 December 2018.</p>
IFRS 2 Classification and Measurement of Share-based Payment Transactions	20 June 2016	1 January 2018 Early adoption is permitted	<p>This clarifies the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.</p>
IFRS 15 Revenue from contract with customers	28 May 2014	1 January 2018 Early adoption is permitted	<p>This standard replaces IAS 11 construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving advertising Services.</p> <p>The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five –step analysis of transactions to determine whether, how much and when revenue is recognised.</p> <p>This new standard will most likely have a significant impact on the Company, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognized.</p> <p>The Company will adopt the amendments for the year ending 31 December 2018.</p>

2.1 Accounting standards and interpretations issued and effective (continued)

Standard/Interpretation effective as at 31 December 2018		Date issued by IASB	Effective date Periods beginning on or after	Summary of the requirements and assessment of impact
IFRS 4	Insurance Contracts - Applying IFRS 9 Financial Instruments with IFRS 4	12 September 2016	1 January 2018	<p>In September 2016, the IASB published an amendment to IFRS 4 which addresses the concerns of insurance companies about the different effective dates of IFRS 9 Financial instruments and the forthcoming new insurance contracts standard. The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional.</p> <p>IFRS 4 (including the amendments) will be superseded by the forthcoming new insurance contracts standard. Accordingly, both the temporary exemption and the 'overlay approach' are expected to cease to be applicable when the new insurance standards becomes effective.</p>
IAS 40	Transfers of Investment Property - (Amendments to IAS 40)	8 December 2016	1 January 2018	<p>The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer.</p> <p>The list of evidence for a change of use in the standard was re-characterised as a non-exhaustive list of examples to help illustrate the principle.</p> <p>The Board provided two option for transition:</p> <ul style="list-style-type: none"> <li>• Prospectively, with any impact from the reclassification recognised as adjustment to opening retained earnings as at the date of initial recognition, or</li> <li>• Retrospectively - only permitted without the use of hindsight.</li> </ul> <p>Additional disclosures are required if an entity adopts the requirements prospectively.</p>

2.1 Accounting standards and interpretations issued and effective (continued)

Standard/Interpretation effective as at 31 December 2018	Date issued by IASB	Effective date Periods beginning on or after	Summary of the requirements and assessment of impact
IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture – (Amendments to IFRS 10 and IAS 28)		1 January 2018	The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a ‘business’ (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor’s investors in the associate or joint venture. The amendments apply prospectively.
IFRS 17 Insurance Contracts	May 2017	1 January 2018	IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of: <ul style="list-style-type: none"> <li>• Discounted probability-weighted cash flows</li> <li>• An explicit risk adjustment, and</li> <li>• A contractual service margin (“CSM”) representing the unearned profit of the contract which is recognised as revenue over the coverage period.</li> </ul> The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.
			There is a modification of the general measurement model called the ‘variable fee approach’ for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity’s share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

2.2 Accounting standards and interpretations issued but not yet effective

Standard/Interpretation not yet effective as at 31 December 2018		Date issued by IASB	Effective date Periods beginning on or after	Summary of the requirements and assessment of impact
IFRS 16	Leases	13 January 2016	1 January 2019	<p>Under IFRS 16, the distinction made up to now between operating leases and finance leases will no longer apply with respect to the lessee. For all leases, the lessee recognizes a right of use to an asset and a lease liability. The right of use is amortized over the contractual term in line with the rules for intangible assets. The lease liability is recognized in accordance with the rule for financial instruments pursuant to IAS 39 (or IFRS 9 in future). Write-downs on the asset and interest on the liability are presented separately in the income statement. There are exemptions when accounting for short-term leases and low-value leased assets.</p> <p>The disclosures in the notes to the financial statements will be extended and should provide a basis for users to assess the amount, timing as well as uncertainties in relation to leases.</p> <p>For lessors, however, the rules in the new standard are similar to the previous rules in IAS 17. They will continue to classify leases either as a finance lease or an operating lease.</p> <p>The directors of the Company do not anticipate that the application of these amendments to IFRS 16 will have any impact on the Company's financial statements.</p>
Amendments to IFRS 9	Prepayment Features with Negative Compensation	December 2017	1 January 2019	<p>The narrow-scope amendments made to AASB 9 Financial Instruments in December 2017 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss.</p> <p>To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The directors do not anticipate that the application of the amendments in the future will have an impact on the financial statements.</p>
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures	December 2017	1 January 2019	<p>The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under AASB 9 Financial Instruments before applying the loss allocation and impairment requirements in AASB 128 Investments in Associates and Joint Ventures. The directors do not anticipate that the application of the amendments in the future will have an impact on the financial statements.</p>

2.2 Accounting standards and interpretations issued but not yet effective (continued)

Standard/Interpretation not yet effective as at 31 December 2018	Date issued by IASB	Effective date Periods beginning on or after	Summary of the requirements and assessment of impact
Interpretation 23 Uncertainty over Income Tax Treatments	January 2017	1 January 2019	<p>The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:</p> <ul style="list-style-type: none"> <li>• how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty</li> <li>• that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored</li> <li>• that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment</li> <li>• that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and</li> <li>• that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.</li> </ul>
			<p>While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements. The directors do not anticipate that the application of the amendments in the future will have an impact on the financial statements.</p>

2.2 Accounting standards and interpretations issued but not yet effective (continued)

Standard/Interpretation not yet effective as at 31 December 2018	Date issued by IASB	Effective date Periods beginning on or after	Summary of the requirements and assessment of impact
Annual Improvements to IFRS Standards 2015-2017 Cycle	December 2017	1 January 2019	<p>The following improvements were finalised in December 2017:</p> <ul style="list-style-type: none"> <li>• IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.</li> <li>• IFRS 11 - clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.</li> <li>• IAS 12 - clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.</li> <li>• IAS 23 - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.</li> </ul>
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement December 2017	1 January 2019	<p>The amendments to IAS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:</p> <ul style="list-style-type: none"> <li>• calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change</li> <li>• any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling</li> <li>• separately recognise any changes in the asset ceiling through other comprehensive income.</li> </ul> <p>The directors do not anticipate that the application of the amendments in the future will have an impact on the financial statements.</p>



2.2 Accounting standards and interpretations issued but not yet effective (continued)

Standard/Interpretation not yet effective as at 31 December 2018	Date issued by IASB	Effective date Periods beginning on or after	Summary of the requirements and assessment of impact	
Amendments to References to Conceptual Framework in IFRS Standards	December 2017	1 January 2020	<p>The main changes to the Framework's principles have implications for how and when assets and liabilities are recognised and derecognised in the financial statements.</p> <p>Under the new framework, a company would book as an asset a right to use the asset, rather than the asset itself. A liability will be recognised if a company has no practical ability to avoid it. This may bring some liabilities on the balance sheet earlier than at present. A company will take an asset off balance sheet when it loses control over all or part of it - i.e. the focus is no longer on the transfer of risks and rewards.</p> <p>Some of the concepts in the revised Framework are entirely new - such as the 'practical ability' approach to liabilities. As they have not been tested as part of any recent standard-setting process, it is unclear what challenges the Board will encounter when using them to develop standards in the future. It is also unclear what challenges preparers of financial statements will face after those future standards become effective.</p>	
IFRS 17	Insurance Contracts	May 2017	1 January 2021	<p>IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of:</p> <ul style="list-style-type: none"> <li>• Discounted probability-weighted cash flows</li> <li>• An explicit risk adjustment, and</li> <li>• A contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period.</li> </ul> <p>The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.</p>
				<p>An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.</p> <p>There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model.</p> <p>The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. The directors do not anticipate that the application of the Standard in the future will have an impact on the financial statements.</p>

### 3. Significant accounting policies

#### 3.1 Statement of compliance

The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies and Allied Matters Act (CAMA) and the Financial Reporting Council of Nigeria Act.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

#### 3.2 Accounting principles and policies

The financial statements have been prepared in accordance with the Company's accounting policies approved by the Board of Directors of the Company.

#### 3.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes (where applicable) as provided in the contract with the customers.

Exchanges of petroleum products within normal trading activities do not generate any income and therefore these flows are shown at their net value in both the statement of profit or loss and other comprehensive income and the statement of financial position.

##### 3.3.1 Sale of goods

Revenue is measured based on the consideration stated in the contract with a customer while it recognises revenue when control over the good or service is transferred to a customer.

The timing of the satisfaction of performance obligation in contract with a customer, including significant payment terms and related revenue policies are met when:

- the good or service is delivered to a customer or its premises in line with the contract term.
- the customer accepts the good or service.
- obtain full control of the good or service delivered.
- at a point in time, invoices are generated and revenue is recognised in the books.

##### 3.3.2 Interest revenue

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

##### 3.3.3 Service income

Service income represents income from Entity's property at service stations while rental income represents income from letting of the entities building. Both service income and rental income are credited to the statement of comprehensive income when they are earned.

#### 3.4 Foreign currency translation

The financial statements of the Company are prepared in Nigerian Naira which is its functional currency and presentation currency.

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not

### 3. Significant accounting policies (Continued)

#### 3.5 Pensions and other post-employment benefits

The Company operates a defined contribution pension plan for its employees and pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

In addition, payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The Company also operated a gratuity scheme for its qualified employees prior to 2008 which it has discontinued.

#### 3.6 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### 3.6.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

##### 3.6.2 Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the reporting date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### 3.7 Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses.

The initial cost of the property plant and equipment comprise of its purchase price or construction cost, any directly attributable cost to bringing the asset into operation, the initial estimate of dismantling obligation (where applicable) and any borrowing cost.

### 3. Significant accounting policies (Continued)

#### 3.7 Property, plant and equipment (Continued)

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and assets under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting year, with the effect of any changes in estimate accounted for on a prospective basis. The basis for depreciation is as follows:

	Estimated useful life	Rate
Freehold land and Buildings	20 - 50 Years	5%
Leasehold land and buildings	20 - 50 Years	Over the period of the lease
Plant and machinery	5 - 10 Years	15%
Motor vehicles	2 - 5 Years	25%
Furniture, fittings and equipment:		
- Office furniture	3 - 12 Years	15%
- Office equipment	5 - 15 Years	15%
- Computer equipment	2 - 10 Years	33.33%
Intangible Assets - Software	5 - 10 Years	10%

Freehold land and Assets under construction are not depreciated.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### 3.8 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortised on a straight-line basis over the following periods:

Software	10 Years	10%
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Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset is measured as difference between the net disposal proceeds and the carrying amount of the asset are recognised as profit or loss when the asset is derecognised.

#### 3.9 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

The initial cost of the investment property comprise of its purchase price or construction cost, any cost directly attributable to bringing the asset into operation, the initial estimating of dismantling obligation (where applicable) and any borrowing cost.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and assets under construction) less their residual values over their useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting year, with the effect of any changes in estimate accounted for on a prospective basis. The basis for depreciation is as follows:

Leasehold land and buildings	20 Years	5%
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An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the property is derecognised.

**3. Significant accounting policies (Continued)****3.10 Impairment of long lived assets**

The recoverable amounts of intangible assets and property, plant and equipment are tested for impairment as soon as any indication of impairment exists. This test is performed at least annually. The recoverable amount is the higher of the fair value (less costs to sell) or its value in use.

Assets are grouped into cash-generating units (or CGUs) and tested. A cash-generating unit is a homogeneous group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets. The value in use of a CGU is determined by reference to the discounted expected future cash flows, based upon the management's expectation of future economic and operating conditions. If this value is less than the carrying amount, an impairment loss on property, plant and equipment, or on other intangible assets, is recognised either in "Depreciation, depletion and amortization of property, plant and equipment, or in "Other expense", respectively. Impairment losses recognised in prior years can be reversed up to the original carrying amount, had the impairment loss not been recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount in which case the reversal of the impairment loss is treated as a revaluation increase.

**3.11 Non-current assets held for sale**

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

**3.12 Inventories**

Inventories are valued at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses. Cost is determined on weighted average basis and includes all costs incurred in acquiring the inventories and bringing them to their present location and condition.

**3.13 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and highly liquid short term investments that are convertible into known amounts of cash and are subject to insignificant risks of changes in value. Investments with maturity greater than three months or less than twelve months are shown under current assets.

**3.14 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**3. Significant accounting policies (Continued)****3.14 Provisions****i. Onerous contracts**

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

**ii. Restructuring**

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

**3.15 Financial instruments**

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**3.15.1 Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

**a. Amortised cost and effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in profit or loss and is included in the "investment income" line item.

**b. Classification of financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**3. Significant accounting policies (Continued)****b. Classification of financial assets (Continued)**

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently

Trade and other receivables

Trade and other receivables are initially recognised at fair value, and are subsequently classified as loans and receivables and measured at amortised cost using the effective interest rate method. The provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due in accordance with the original terms of the credit given and includes an assessment of recoverability based on historical trend analyses and events that exist at reporting date. The amount of the provision is the difference between the carrying value and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition.

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are not offset against positive bank balances unless a legally enforceable right of offset exists, and there is an intention to settle the overdraft and realise the net cash simultaneously, or to settle on a net basis. All short term cash investments are invested with major financial institutions in order to manage credit risk.

**c. Foreign exchange gains and losses**

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss. Therefore, for financial assets that are classified as at FVTPL, the foreign exchange component is recognised in profit or loss.

For foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the 'other gains and losses' line item in the Profit or loss.

**d. Impairment of financial assets**

Financial assets that are measured at amortised cost are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

The Company recognises loss allowances for Expected Credit Losses (ECLs) on:

- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI; and
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.



**3. Significant accounting policies (Continued)****d. Impairment of financial assets (Continued)**

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Measurement of ECLs

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

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

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty or
- breach of contract, such as a default or delinquency in interest or principal payments or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation or
- the disappearance of an active market for that financial asset because of financial difficulties

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written-off against the allowance account.

Subsequent recoveries of amounts previously written-off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

**e. Derecognition of financial assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a financial asset that is classified as fair-value-through-other-comprehensive-income (FVTOCI), the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is reclassified to retained earnings.



**3. Significant accounting policies (Continued)****3.15 Financial instruments****3.15.2 Financial liabilities and equity****a. Classification as debt or equity**

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**b. Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

**c. Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. The Company does not have financial liabilities classified as financial liabilities 'at FVTPL'.

**Other financial liabilities**

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**d. Foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the 'other gains and losses' line item (note 8) in the profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

**e. De-recognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**3.16 Creditors and accruals**

Creditors and accruals are the financial obligations due to third parties and are falling due within one year. The outstanding balances are not interest bearing and are stated at their nominal value.

**3.17 Asset retirement obligations**

Asset retirement obligations, which result from a legal or constructive obligation, are recognised based on a reasonable estimate in the year in which the obligation arises. The associated asset retirement costs are capitalized as part of the carrying amount of the underlying asset and depreciated over the useful life of this asset. An entity is required to measure changes in the liability for an asset retirement obligation due to the passage of time (accretion) by applying a risk-free discount rate to the amount of the liability. The increase of the provision due to the passage of time is recognised as part of finance cost.

### 3. Significant accounting policies (Continued)

#### 3.18 Changes in accounting policies.

##### 3.18.1 IFRS 9 - Financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Company's approach was to include the impairment of trade receivables in other expenses.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments (for derivatives that are used as hedging instruments).

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has applied IFRS 9's impairment requirements as at 1 January 2018.

##### 3.18.2 IFRS 15 - Revenue from contracts with customers

IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five -step analysis of transactions to determine whether, how much and when revenue is recognised.

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue - Barter of Transactions Involving advertising Services.

The Company has applied IFRS 15 using the cumulative effect method - i.e. by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11.

Based on management's assessment, IFRS 15 did not have a material impact on the Company's accounting policies and retained earnings because over the years, the Company recognised revenue at a point in time (i.e. at the point of sale) based on its existing business model.

#### 4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

##### 4.1 Critical judgments in applying the accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

##### 4.1.1 Revenue recognition

Revenue is measured based on the consideration stated in the contract with a customer. While the Company recognises revenue when it transfers control over the good or service to a customer.

The timing of the satisfaction of performance obligation in contract with a customer, including significant payment terms and related revenue policies are met when:

- the good or service is delivered to a customer or its premises in line with the contract term
- and the customer accepts the good or service
- and obtain full control of the good or service delivered
- at that point in time, invoices are generated and revenue is recognised in the books.

##### 4.1.2 Contingent liabilities

During the evaluation of whether certain liabilities represent contingent liabilities or provisions, management is required to exercise significant judgment. Based on the current status, facts and circumstances, management concluded that the dispute with one of its former suppliers (as disclosed in Note 35) should be classified as a contingent liability rather than a provision.

##### 4.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

##### 4.2.1 Useful lives of property, plant and equipment

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the useful lives of property, plant and equipment remained constant.

##### 4.2.2 Decommissioning liabilities

Estimates regarding cash flows, discount rate and weighted average expected timing of cashflows were made in arriving at the future liability relating to decommission costs.

##### 4.2.3 Impairment losses on receivables

The Company reviews its receivables to assess impairment at least on an annual basis. The Company's credit risk is primarily attributable to its trade receivables. In determining whether impairment losses should be reported in profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measureable decrease in the estimated future cash flow. Accordingly, an allowance for impairment is made where there are identified loss events or condition which, based on previous experience, is evident of a reduction in the recoverability of the cash flows.

##### 4.2.4 Allowance for obsolete inventory

The Company reviews its inventory to assess losses on account of obsolescence on a regular basis. In determining whether an allowance for obsolescence should be recorded in profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is any future saleability of the product and the net realizable value of such products. Accordingly, allowance for impairment, if any, is made where the net realisable value is less than cost based on best estimates by the management.

**4. Critical accounting judgements and key sources of estimation uncertainty (Continued)**

**4.2.5 Valuation of financial liabilities**

Financial liabilities have been measured at amortised cost. The effective interest rate used in determining the amortised cost of the individual liability amounts has been estimated using the contractual cash flows on the loans. IAS 39 requires the use of the expected cash flows but also allows for the use of contractual cash flows in instances where the expected cash flows cannot be reliably determined. However, the effective interest rate has been determined to be the rate that effectively discounts all the future contractual cash flows on the loans including processing, management fees and other fees that are incidental to the different loan transactions.

**4.2.6 Impairment on non-current assets**

Determining whether non-current assets are impaired requires an estimation of the value in use of the cash generating units to which assets have been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The assets were tested for impairment and there was no indication of impairment observed after testing. Therefore, no impairment loss was recognised during the year.

**5. Revenue**

The following is the analysis of the Company's revenue for the year from continuing operations (excluding investment income).

	September <b>2019</b>	September <b>2018</b>
	<b>N'000</b>	<b>N'000</b>
Revenue from sale of petroleum products	112,722,803	75,838,134

5.1 All the sales were made within Nigeria.

**6. Segment information**

The reportable segments of Conoil Plc are strategic business units that offer different products. The report of each segment is reviewed by management for resource allocation and performance assessment.

Operating segments were identified on the basis of differences in products. The Company has identified three operating and reportable segments: White products, Lubricants and Liquefied Petroleum Gas (LPG). The White products segment is involved in the sale of Premium Motor Spirit (PMS), Aviation Turbine Kerosene (ATK), Dual Purpose Kerosene (DPK), Low-pour Fuel Oil (LPFO) and Automotive Gasoline/grease Oil (AGO). The products under the lubricants segment are Lubricants transport, Lubricants industrial, Greases, Process Oil and Bitumen. Products traded under LPG segment are Liquefied Petroleum Gas - Bulk, Liquefied Petroleum Gas - Packed, cylinders and valves.

**6. Segment information (Continued)**

The segment results for the period ended 30 September 2019 are as follows:

	White Products		Lubricants		LPG		Total	
	N'000	%	N'000	%	N'000	%	N'000	%
Revenue	107,419,445	95	5,303,358	5	-	-	112,722,803	100
Cost of sales	(98,187,972)	97	(3,477,537)	3	-	0	(101,665,509)	100
<b>Gross profit</b>	<b>9,231,473</b>		<b>1,825,821</b>		<b>-</b>		<b>11,057,294</b>	

The segment results for the period ended 30 September 2018 are as follows:

	White Products		Lubricants		LPG		Total	
	N'000	%	N'000	%	N'000	%	N'000	%
Revenue	71,901,569	95	3,936,565	5	-	-	75,838,134	100
Cost of sales	(62,622,763)	96	(2,727,364)	4	-	-	(65,350,127)	100
<b>Gross profit</b>	<b>9,278,807</b>		<b>1,209,201</b>		<b>-</b>		<b>10,488,007</b>	

2019 segment cost of sales - Analysis

	White Products N'000	Lubricants N'000	LPG N'000	Total N'000
Stock at 1 January	7,360,859	1,776,904	3,836	9,141,600
Purchases	95,925,764	5,050,819	-	100,976,583
Stock at 30 September 2019	(5,098,651)	(3,350,186)	(3,836)	(8,452,674)
	<b>98,187,972</b>	<b>3,477,537</b>	<b>-</b>	<b>101,665,509</b>

2018 segment cost of sales - Analysis

	White Products N'000	Lubricants N'000	LPG N'000	Total N'000
Stock at 1 January	3,808,715	1,848,436	4,003	5,661,155
Purchases	68,923,076	3,219,340	-	72,142,415
Stock at 30 September 2018	(10,109,028)	(2,340,412)	(4,003)	(12,453,444)
	<b>62,622,764</b>	<b>2,727,364</b>	<b>(0)</b>	<b>65,350,127</b>

- 6.1 There is no disclosure of assets per business segment because the assets of the Company are not directly related to a particular business segment.
- 6.2 There is also no distinguishable component of the Company that is engaged in providing products or services within a particular economic environment and that is subject to risk and returns that are different from those of components operating in other economic environments.
- 6.3 The stock value in this segment analysis does not include provision for stock loss.

	September 2019 N'000	September 2018 N'000
<b>7. Other operating income</b>		
<b>Rental income:</b>		
Rental income		18,646
Service income	92,700	105,772
<b>Interest income:</b>		
Interest from bank deposits (Note 7.3)		10,485
Interest on delayed subsidy payment (Note 7.4)		-
Refund of excess bank charges		-
<b>Provisions no longer required:</b>		
Provision for litigation claim no longer required	-	-
	<b>92,700</b>	<b>134,904</b>
<b>8. Other gains or losses</b>		
Glo Cards	-	14,127
Exchange gain	-	-
	<b>-</b>	<b>14,127</b>
<b>9. Distribution expenses</b>		
Freight costs	1,601,827	1,500,707
Marketing expenses	166,140	165,075
	<b>1,767,967</b>	<b>1,665,782</b>

	<b>September 2019</b>	<b>September 2018</b>
	<b>N'000</b>	<b>N'000</b>
<b>10. Administration expenses</b>		
Litigation claims (Note 35.1)	900,000	900,000
Staff cost	1,503,081	1,480,337
Depreciation of property, plant and equipment	899,188	899,800
Rent and rates	573,581	651,909
Insurance	131,884	156,888
Repairs and maintenance	174,585	213,899
Pension fund - employer's contribution	179,827	87,386
Own used oil	60,274	58,507
Throughput others	30,511	41,731
Security services	68,536	76,148
Postages, telephone and telex	60,181	61,210
Directors' remuneration	22,838	29,579
Travelling	53,584	65,037
Consumables, small tools and equipment	98,710	99,826
Legal and professional charges	31,906	42,980
Depreciation of investment property	37,238	37,240
Subscriptions	20,040	32,949
Annual General Meeting	33,750	33,750
Water and electricity	54,046	47,460
Health safety and environmental expenses	14,939	13,485
Audit fee	18,514	19,500
Staff training and welfare	7,744	6,942
Vehicle, plant and equipment running	9,557	13,873
Amortisation of intangible asset	8,575	7,961
Printing and stationery	1,324	6,944
Bank charges	3,827	13,540
Provision for obsolete stock	45,000	45,000
Entertainment and hotels	992	1,606
Medical	2,325	3,416
Provision for bad and doubtful debts	45,000	45,000
Provision for long outstanding claims	-	-
Provision for long outstanding staff loans	-	-
Other expenses	4,359	25,834
	<b>5,095,914</b>	<b>5,219,735</b>
<b>11. Finance cost</b>		
Interest on bank overdraft	1,832,841	1,483,699
Accretion expense (Note 28)	-	-
	<b>1,832,841</b>	<b>1,483,699</b>

Bank overdrafts are repayable on demand. The average effective interest rate on bank overdrafts approximates 17.75% (2018: 25%) per annum and are determined based on NIBOR plus lender's mark-up.

The overdraft was necessitated by delay in payment of outstanding subsidy claims from the Federal Government on importation/purchase of products for resale in line with the provision of Petroleum Support Fund Act for regulated petroleum products.

	September 2019	September 2018
<b>12. Profit before tax</b>	<b>N'000</b>	<b>N'000</b>
This is stated after charging/ (crediting) the following:		
Depreciation of property, plant and equipment	899,188	899,800
Depreciation of investment property	37,238	37,240
Director's emoluments	22,838	29,579
Auditors remuneration	18,514	19,500
Amortisation of intangible asset	8,575	7,961
Exchange gain	-	-
	<b>2,190,468</b>	<b>2,107,548</b>
<b>13. Taxation</b>	<b>September</b>	<b>September</b>
<b>13.1 Income tax recognised in profit or loss</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>
<b>Current tax</b>		
Income tax	703,982	634,989
Education tax	49,065	45,356
<b>Deferred tax</b>		
Deferred tax (credited)/charged in the current year	-	-
Total income tax expense recognised in the current year	753,048	680,347
At 1 January	1,809,587	2,293,116
Payment during the year	(134,099)	(865,915)
Withholding tax utilised during the year	(238,067)	-
Transfer to deferred tax (Note 13.1)	-	-
<b>Per statement of financial position</b>	<b>2,190,468</b>	<b>2,107,548</b>
Balance above is made up of :		
Company income tax	2,005,055	1,944,159
Education tax	185,134	163,108
Capital gains tax	279	280
	<b>2,190,468</b>	<b>2,107,547</b>

The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act CAP C21 LFN 2004 as amended to date, tertiary education tax charge is based on the Tertiary Education Trust Fund Act, 2011 and Capital Gains Tax Act CAP C1 LFN 2004.



13. Taxation (Continued)	September	December
13.2 Deferred tax	<b>2019</b>	<b>2018</b>
Deferred tax assets and liabilities are attributable to the following;	<b>N'000</b>	<b>N'000</b>
Deferred tax assets	2,412,680	2,412,680
Deferred tax liabilities	(400,435)	(400,435)
Deferred tax assets (net)	<u>2,012,245</u>	<u>2,012,245</u>

Deferred tax as at 31 December 2018 is mainly attributed to the result of differences between the rates of depreciation adopted for accounting purposes and the rates of capital allowances granted for tax purposes. Provision for bad and doubtful debt as well as provision for litigation claims also contributed to the deferred tax asset balance.

**14. Basic earnings per share**

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows.

	September	September
	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>
<b>Earnings</b>		
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the Company	1,700,224	1,587,473
<b>Number of shares</b>	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares for the purposes of basic earnings per share	693,952,117	693,952,117
	<b>2019</b>	<b>2018</b>
	<b>Kobo per share</b>	<b>Kobo per share</b>
<b>Basic earnings per 50k share</b>		
From continuing operations	245	229
<b>Diluted earnings per 50k share</b>		
From continuing operations	245	229

Earnings per share is calculated by dividing net income by the number of ordinary shares outstanding during the year.

15. Property, plant and equipment	Freehold land	Freehold buildings	Plant & machinery	Furniture & fittings	Motor vehicles	Computer equipment	Total
Cost:	N '000	N '000	N '000	N '000	N '000	N '000	N '000
As at 1 January 2018	147,766	6,316,159	11,612,604	4,214,777	1,534,578	1,017,089	24,842,973
Additions	-	415,595	347,422	42,461	674,600	32,214	1,512,292
At 31 December 2018	147,766	6,731,754	11,960,026	4,257,238	2,209,178	1,049,303	26,355,265
Additions	-	3,052	36,930	68,123	-	34,128	142,233
<b>At 30 September 2019</b>	<b>147,766</b>	<b>6,734,806</b>	<b>11,996,956</b>	<b>4,325,361</b>	<b>2,209,178</b>	<b>1,083,431</b>	<b>26,497,498</b>
<b>Accumulated depreciation and impairment loss:</b>							
As at 1 January 2018	-	4,231,528	11,492,789	4,189,018	1,442,978	966,719	22,323,032
Charge for the year	-	336,588	367,588	22,530	205,138	15,788	947,632
At 31 December 2018	-	4,568,116	11,860,377	4,211,548	1,648,116	982,507	23,270,664
Charge for the period	-	612,802	103,794	16,898	153,853	11,841	899,188
<b>At 30 September 2019</b>	<b>-</b>	<b>5,180,918</b>	<b>11,964,171</b>	<b>4,228,446</b>	<b>1,801,969</b>	<b>994,349</b>	<b>24,169,852</b>
<b>Carrying amount</b>							
At 30 September 2019	147,766	1,553,889	32,785	96,915	407,209	89,082	2,327,646
At 31 December 2018	147,766	2,163,639	99,649	45,690	561,063	66,796	3,084,601

#### 15.1 Impairment assessment

Impairment assessment of assets in the period under review disclosed no material impairment loss on any of the Company's assets.

#### 15.2 Contractual commitment for capital expenditure

There were no capital commitments for the purchase of property, plant and equipment in the period.

#### 15.3 Assets pledged as security

No asset was pledged as security as at 30 September 2019 (2018: nil)

16. Intangible assets	September	December
	2019	2018
	N'000	N'000
<b>Computer software:</b>		
<b>Cost:</b>		
As at 1 January	114,344	106,136
Additions during the period	-	8,208
<b>At 30 September/ 31 December</b>	<b>114,344</b>	<b>114,344</b>
<b>Accumulated amortisation:</b>		
As at 1 January	64,503	53,070
Charge for the period	8,575	11,433
<b>At 30 September/ 31 December</b>	<b>73,077</b>	<b>64,503</b>
<b>Carrying amount</b>		
<b>At 30 September/ 31 December</b>	<b>41,267</b>	<b>49,841</b>
<b>17. Investment property</b>		
<b>Building:</b>		
<b>Cost:</b>		
As at 1 January	993,000	993,000
Additions during the period	-	-
<b>At 30 September/ 31 December</b>	<b>993,000</b>	<b>993,000</b>
<b>Accumulated depreciation:</b>		
As at 1 January	744,750	695,100
Charge for the period	37,238	49,650
<b>At 30 September/ 31 December</b>	<b>781,988</b>	<b>744,750</b>
<b>Carrying amount</b>		
<b>At 30 September/ 31 December</b>	<b>211,013</b>	<b>248,250</b>
The Company's investment property is held under freehold interests.		
<b>18. Other financial assets</b>	<b>September</b>	<b>Dec</b>
	<b>2019</b>	<b>2018</b>
<b>Investment in Nigerian Yeast and Alcohol Manufacturing Plc</b>		
Cost	1,846	1,846
Impairment	(1,836)	(1,836)
	<b>10</b>	<b>10</b>
Nigerian Yeast and Alcohol Manufacturing Company Plc (NIYAMCO) has stopped business operations for several years, hence the Company has impaired its investments.		
<b>19. Prepayments</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>
<b>Current</b>		
Prepaid rent and insurance	370,914	118,900
	<b>370,914</b>	<b>118,900</b>
<b>Non-current</b>		
Prepaid rent	189,549	193,412
	<b>189,549</b>	<b>193,412</b>

Prepayments are rents paid in advance to owners of properties occupied by Conoil Plc for the purpose of carrying out business in various locations in Nigeria.

	September	December
<b>20. Inventories</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>
White products (Note 20.1)	5,053,651	7,360,859
Lubricants	3,350,186	1,776,904
LPG	3,836	3,836
	<b>8,407,674</b>	<b>9,141,599</b>

20.1 White products include Premium Motor Spirit (PMS), Aviation Turbine Kerosene (ATK), Dual Purpose Kerosene (DPK), Low-pour Fuel Oil (LPFO) and Automotive Gasoline/Grease Oil (AGO).

	2019	2018
	N'000	N'000
<b>21. Trade and other receivables</b>		
Trade debtors	22,582,096	19,484,715
Allowance for bad and doubtful debts	(5,301,548)	(5,256,548)
	17,280,548	14,228,167
Bridging claims receivable (Note 21.3)	815,875	1,214,546
Advance to related company (Note 33)	-	1,510,434
Advance for product supplies	358	4,975,678
Deposit for litigation claims (Note 35.2)	4,347,126	4,347,126
Withholding tax recoverable (Note 21.4)	-	64,884
Receivables from PPPRA	-	3,824,478
Other debtors (Note 21.1)	246,367	129,785
	<b>22,690,274</b>	<b>30,295,098</b>
<b>21.1 Other debtors balance includes :</b>		
Advance deposits	500,785	379,577
Insurance claims receivables	29,835	29,835
Employee advances	52,688	57,317
Provision for doubtful advance deposits	(336,944)	(336,944)
	<b>246,364</b>	<b>129,785</b>

21.2 Third party trade receivables above are non-interest bearing, and include amounts which are past due at the reporting date but against which the Company has not received settlement. Amounts due from related parties are also unsecured, non-interest bearing, and are repayable upon demand. The Company has a payment cycle of between 30 and 60 days for credit sales. Specific provisions are made for trade debts on occurrence of any situation judged by management to impede full recovery of the trade debt.

The Company does not hold any collateral over these balances.

	2019	2018
	N'000	N'000
<b>Ageing of trade debtors</b>		
Current	16,379,155	15,349,829
Less than 90 days	884,777	395,384
91 - 180 days	55,615	18,986
181 - 360 days	6,002	2
Above 360 days	5,256,548	5,256,548
<b>Total</b>	<b>22,582,096</b>	<b>21,020,749</b>

Based on credit risks and historical payments pattern analysis of customers, the Directors are of the opinion that the unimpaired amounts that are past due by more than 90 days are still collectible in full.

	September	December
	2019	2018
	N'000	N'000
<b>21. Trade and other receivables (Continued)</b>		
<b>Ageing of allowance for bad and doubtful debts</b>		
Less than 90 days	30,000	-
91 - 180 days	15,000	-
181 - 360 days	-	-
Above 360 days	5,256,548	5,256,548
<b>Total</b>	<b>5,301,548</b>	<b>5,256,548</b>

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

	September	December
	2019	2018
	N'000	N'000
<b>Allowance for bad and doubtful debts</b>		
As at 1 January	5,256,548	5,256,548
Provision for the year	45,000	0
<b>At 30 September/ 31 December</b>	<b>5,301,548</b>	<b>5,256,548</b>

### 21.3 Bridging claims receivable

Bridging claims are costs of transporting white products such as Premium Motor Spirit (PMS), Dual Purpose Kerosene (DPK) except Aviation Turbine Kerosene (ATK) and Automotive Gas Oil (AGO) from specific Pipelines and Products Marketing Company depots to approved zones which are claimable from the Federal Government. Bridging claims are handled by the Petroleum Equalization Fund. The bridging claims receivable at the end of the year is stated after deduction of a specific provision for claims considered doubtful of recovery.

	September	December
	2019	2018
	N'000	N'000
<b>21.4 Withholding tax recoverable</b>		
As at 1 January	64,884	51,017
Addition during the year	173,184	13,867
Amount utilised during the year	(238,068)	-
<b>At 30 September/ 31 December</b>	<b>(0)</b>	<b>64,884</b>

### 22. Cash and cash equivalents

	September	December
	2019	2018
	N'000	N'000
Cash and bank	17,235,273	15,352,855
Bank overdraft	(11,947,131)	(4,766,240)
<b>Cash and cash equivalents</b>	<b>5,288,142</b>	<b>10,586,615</b>

The Company did not have any restricted cash at the reporting date (2017: nil).

### 23. Share capital

	September	December
	2019	2018
	N'000	N'000
<b>Authorised</b>		
700,000,000 ordinary shares of 50k each	350,000	350,000
<b>Issued and fully paid</b>		
693,952,117 ordinary shares of 50k each	346,976	346,976
<b>Share premium account</b>		
<b>At 30 September/ 31 December</b>	<b>3,824,770</b>	<b>3,824,770</b>



NOTES TO THE FINANCIAL STATEMENTS  
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	September	December
<b>24. Retained earnings</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>
At 1 January	14,129,327	13,721,190
Dividend paid	(1,387,904)	(1,387,904)
Profit for the period	1,700,224	1,796,042
<b>At 30 September/ 31 December</b>	<b>14,441,647</b>	<b>14,129,327</b>
<b>24.1 Dividend</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>
<b>Summary</b>		
As at 1 January	8,927	8,927
Dividend declared	1,387,904	1,387,904
Dividend - Sterling Registrars	-	-
	-	1,396,831
Payments - Meristem Registrars	(1,387,904)	(1,387,904)
<b>At 30 September/ 31 December</b>	<b>8,927</b>	<b>8,927</b>

25. Borrowings	September	December
	2019 N'000	2018 N'000
<b>Unsecured borrowing at amortised cost</b>		
Bank overdraft	11,947,131	4,766,240

Bank overdrafts are repayable on demand. The average effective interest rate on bank overdrafts approximates 17.75% (2018: 23.5%) per annum and is determined based on NIBOR plus lender's mark-up.

There is no security or pledge on the Company's assets with respect to the borrowings.

26. Trade and other payables	September	December
	2019 N'000	2018 N'000
Trade creditors - Local	9,786,886	9,215,771
Bridging contribution (Note 26.2)	2,190,148	2,817,762
Trade creditors - Imported	2,113,420	9,493,476
Due to related parties (Note 32)	-	14,966
Value added tax payable	254,472	123,721
Withholding tax payable	114,437	104,315
PAYE payable	270,559	249,583
Payables to PPPRA	55,706	-
Staff Pension and similar obligations (Note 26.3)	-	1,609
Unclaimed dividend (Note 24.1)	8,927	8,927
Other creditors and accruals (Note 26.1)	5,385,462	13,035,741
	<b>20,180,019</b>	<b>35,065,872</b>
<b>26.1 Other creditors and accruals</b>		
Non-trade creditors (Note 26.4)	20,808.09	8,172,155
Litigation claims	3,892,200	2,992,200
Rent	383,005	980,271
Insurance premium	837,033	659,498
Employees payables	113,318	96,499
Lube incentives	-	36,665
Surcharges	120,584	74,943
Audit fees	18,514	23,510
	<b>5,385,462</b>	<b>13,035,741</b>

**26.2 Bridging contributions**

Bridging contributions are mandatory contributions per litre of all white products lifted to assist the Federal Government defray the Bridging claims.

26.3 Staff pension	September	December
	2019 N'000	2018 N'000
At 1 January	1,609	6,354
Contributions during the year	179,827	209,717
Remittance in the year	(181,436)	(214,462)
<b>At 30 September/ 31 December</b>	<b>(0)</b>	<b>1,609</b>

**26.4** Non-trade creditors represent sundry creditors balances for various supplies and contracts carried out but unpaid for as at 30 September 2019.

	September	December
<b>27. Distributors' deposit</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>
At 1 January	497,034	496,610
New deposits	1,000	5,000
Refunds	(185)	(4,576)
<b>At 30 September/ 31 December</b>	<b>497,849</b>	<b>497,034</b>

Distributors' deposit represents amounts collected by the Company from its various dealers and distributors as security deposit against the value of the Company's assets with these dealers.

**28. Decommissioning liability**

The following table presents the reconciliation of the carrying amount of the obligation associated with the decommissioning of the Company's signages and fuel pumps:

	September	December
	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>
At 1 January	57,004	54,616
Addition	-	-
Asset decommissioned	-	(525)
Accretion	-	2,914
<b>At 30 September/ 31 December</b>	<b>57,004</b>	<b>57,004</b>

Decommissioning liabilities is accounted for in accordance with IAS 37, Provisions, contingent liabilities and contingent assets and IAS 16, Property, plant and equipment. The associated asset retirement costs are capitalized as part of the carrying cost of the asset. Asset retirement obligations consist of estimated costs for dismantlement and removal of signages and pumps from dealer-owned service stations. An asset retirement obligation and the related asset retirement cost are recorded when an asset is first constructed or purchased.

The asset retirement cost is determined and discounted to present value using commercial lending rate ruling at the reporting period. After the initial recording, the liability is increased for the passage of time, with the increase being reflected as accretion expense in the statement of profit or loss and other comprehensive income.



**29. Financial instrument**

**29.1 Significant accounting policies**

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in the accounting policies in Note 3 to the financial statements.

**29.2 Significant accounting policies**

Financial asset	September	December
	2019	2018
	N'000	N'000
Cash and bank balance	17,235,273	15,352,855
Loans and receivables	22,690,274	30,165,312
	<b>39,925,547</b>	<b>45,518,167</b>
<b>Financial liabilities</b>		
Financial liabilities at amortized cost:		
Trade and other payables	19,540,550	34,588,252
Borrowings	11,947,131	4,766,240
	<b>31,487,681</b>	<b>39,354,492</b>

**29.3 Fair value of financial instruments**

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

### 30. Financial risk management

Risk management roles and responsibilities are assigned to stake holders in the Company at three levels: The Board, Executive Committee and Line Managers.

The Board oversight is performed by the Board of Directors through the Board Risk and Management Committee.

The second level is performed by the Executive Management Committee (EXCOM).

The third level is performed by all line managers under EXCOM and their direct reports. They are required to comply with all risk policies and procedures and to manage risk exposures that arise from daily operations.

The Internal Audit Department provides an independent assurance of the risk frame work. They assess compliance with established controls and recommendations for improvement in processes are escalated to relevant management, Audit Committee and Board of Directors.

#### 30.1 Financial risk management objectives

The Company manages financial risk relating to its operations through internal risk reports which analyses exposure by degree and magnitude of risk. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

#### 30.2 Interest rate risk management

The Company is exposed to interest rate risk because the Company borrows funds at both fixed and floating interest rates (overdraft). The risk is managed by the Company by maintaining an appropriate mix between short and long term borrowings. The risk is managed by the Company by constantly negotiating with the banks to ensure that interest are consistent with the monetary policy rates as defined by the Central Bank of Nigeria.

##### Interest rate risk

##### Sensitivity Analysis

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	Average rate	September 2019 N'000	December 2018 N'000
Variable rate instruments:			
Financial assets	0	-	-
Bank overdrafts	23.5%	11,947,131	4,766,240
		<b>11,947,131</b>	<b>4,766,240</b>

##### Sensitivity Analysis of variable rate instruments

A change of 200 basis points (2%) in interest rates at the reporting date would have increased/(decreased) equity and profit and loss after tax by the amounts shown below:

	Interest charged		Effect of Increase/ Decrease in Exchange Rate
30 September 2019	1,832,841	+/-2	192,913
31 December 2018	1,505,150	+/-2	158,422

### 30. Financial risk management (Continued)

#### 30.3 Foreign currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Company's foreign denominated monetary assets and monetary liabilities as at 30 June 2019 are as follows:

Assets	September	December
	2019 N'000	2018 N'000
Cash and bank balance	16,230,741	13,768,710
	<b>16,230,741</b>	<b>13,768,710</b>
<b>Liabilities</b>		
Financial liabilities at amortized cost:		
Trade and other payables	2,113,420	9,493,476
	<b>2,113,420</b>	<b>9,493,476</b>

A movement in the exchange rate either positively or negatively by 200 basis points is illustrated below. Such movement would have increased/(decreased) the cash and bank balance by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables in particular interest rates remain constant.

#### Effect in thousands of Naira 30 September 2019

	Foreign Currency US\$'000	Naira Balance N'000	Exchange Rate	Effect of Increase/ Decrease in Exchange Rate N'000
USD	45,085.39	16,230,741	360.00	324,615

#### Effect in thousands of Naira 31 December 2018

	Foreign Currency US\$'000	Naira Balance N'000	Exchange Rate	Effect of Increase/ Decrease in Exchange Rate N'000
USD	38,280	13,768,710	359.2	257,103.02

The weakening of the naira against the above currencies at 31 December would have had an equal but opposite effect on the above currencies to the amount shown above where other variables remain constant.

#### 30.4 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

30. Financial risk management (Continued)

30.5 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established a liquidity risk management framework for the management of the Company's short- medium - and longterm funding and liquidity management requirements. The Company manages liquidity risk by maintaining reserves, banking facilities and reserve borrowing facilities, by monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

**Financing facilities**

Unsecured bank loans and overdrafts payable at call and reviewed annually.

	September 2019 N'000	December 2018 N'000
Amount used	11,947,131	4,766,240
Amount unused	28,472,869	35,653,760
	<b>40,420,000</b>	<b>40,420,000</b>

**Liquidity and interest risk tables**

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Company may be required to pay.

30 September 2019	Weighted Ave %	0 - 3 Months N'000	3 month -1year N'000	Total N'000
Trade and other payables	-	19,540,550	-	19,540,550
Borrowings	24	11,947,131	-	11,947,131
		<b>31,487,681</b>	<b>-</b>	<b>31,487,681</b>

31 December 2018	Weighted Average Effective Interest rate %	0 - 3 Months N'000	3 month -1 year N'000	Total N'000
Trade and other payables	-	35,065,872	-	35,065,872
Borrowings	23.50	4,766,240	-	4,766,240
		<b>39,832,112</b>	<b>-</b>	<b>39,832,112</b>

**31. Gearing ratio and capital risk management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing returns to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from prior year.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in relevant notes in the financial statements.

The Company is not subject to any externally imposed capital requirements. The gearing ratio at the year end is as follows:

	September 2018 N'000	December 2018 N'000
Debt	11,947,131	4,766,240
Equity	18,613,393	18,301,074
<b>Net debt to equity ratio</b>	<b>0.64</b>	<b>0.26</b>

Equity includes all capital and reserves of the Company that are managed as capital.

**32. Related party transactions**

During the year, the Company traded with the following companies with which it shares common ownership based on terms similar to those entered into with third parties as stated below:

30 September 2019	Sales of Goods N'000	Purchase of Goods N'000	Balance due (to)/from N'000	Deposits/ (Payable) N'000	Overdraft and Term loan N'000
Sterling Bank Plc	-	-	-	-	8,152,975
Glo Mobile Limited	8,564	-	8,875	-	-
Conoil Producing Limited	339,322	-	524,841	-	-
Southern Air Limited	57,160	-	270,829	-	-
Proline (WA) Limited	-	(36,928)	-	-	-
SETA Investment Limited	-	-	-	3,491	-
	<b>405,046</b>	<b>(36,928)</b>	<b>804,545</b>	<b>3,491</b>	<b>8,152,975</b>

**31 December 2018**

	Sales of Goods N'000	Purchase of Goods N'000	Balance due (to)/from N'000	Deposits/ (Payable) N'000	Overdraft and Term loan N'000
Sterling Bank Plc	-	-	-	-	354,734
Glo Mobile Limited	1,082,095	-	1,010,307	-	-
Conoil Producing Limited	673,623	-	273,306	-	-
Southern Air Limited	100,861	-	226,428	-	-
Proline (WA) Limited	-	(187,695)	(14,966)	-	-
SETA Investment Limited	393	-	393	-	-
	<b>1,856,972</b>	<b>(187,695)</b>	<b>1,495,468</b>	<b>-</b>	<b>354,734</b>

**32. Related party transactions (Continued)**

The Chairman of the Company, Dr Mike Adenuga (Jr.) GCON, has significant interests in Glo Mobile Limited, Principal Enterprises, Southern Air Limited, Sterling Bank Plc (formerly Equitorial Trust Bank), Conoil Producing Limited (formerly Consolidated Oil Limited) and Synopsis Enterprises Limited.

During the period, the Company sold petroleum products - Premium Motor Spirit (PMS) and Automotive Gas Oil (AGO) to Glo Mobile Limited and Conoil Producing Limited. It also sold Aviation Turbine Kerosene (ATK) to Southern Air Limited.

The Company also purchased goods from Glo Mobile Limited and utilizes the service of Proline (WA) Limited to manage its stations.

**33. Capital commitment**

There were no capital commitments as at 30 Septemebr 2019 (2018: nil).

**34. Financial commitment**

As at 30 September 2019, the Company had outstanding letters of credit to the tune of N5.7Billion (2018: 3.1 Billion).

**35. Contingent liabilities**

The Company is in litigation with Nimex Petrochemical Nigeria Limited (Nimex), one of its former suppliers of products. In 2007, Nimex sued the company for US\$3,316,702.71 and US\$127,060.62 being demurrage and interest incurred for various supplies of petroleum products. The Federal High Court gave judgment in favour of Nimex in the sum of US\$13,756,728 which included the amount claimed and interest at 21% till judgment was delivered and also granted a stay of execution with a condition that the judgment sum be paid into the court. The court also granted a garnishee order against First Bank of Nigeria Limited to pay the Company's money with the bank into the court. Conoil Plc has appealed against the judgment to the Court of Appeal in Abuja. The appeal is pending and the Directors, on the advice of the external solicitors, are of the opinion that the judgement of the Federal High Court will be upturned. The current value of the judgment sum is N4.3 billion. However, a provision of N3.7 billion has been made in these financial statements to mitigate any possible future loss.

	September	December
<b>37. Information on Directors and employees</b>		
<b>37.1 Employment costs:</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>
Employment cost including Directors' salaries and wages, staff training and benefit scheme	1,715,814	2,006,255
<b>37.2 Number of employees of the Company in receipt of emoluments within the bands listed below are:</b>		
	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Up to 1,000,000	10	11
N1,000,001 - N2,000,000	34	37
N2,000,001 - N3,000,000	25	28
N3,000,001 - N4,000,000	27	28
N4,000,001 - N5,000,000	21	23
N5,000,001 - Above	84	88
	<b>201</b>	<b>215</b>
<b>37.3 Average number of employees during the year:</b>		
Managerial staff	12	15
Senior staff	177	186
Junior staff	12	14
	<b>201</b>	<b>215</b>
<b>37.4 Directors' emoluments:</b>	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>
Emoluments of the chairman	-	-
Directors' fees	1,575	1,000
Emoluments of executives	21,263	39,469
	<b>22,838</b>	<b>40,469</b>
<b>37.5 The emoluments of the highest paid Director were N21.3 million (2018: N28.4million)</b>		
	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
<b>37.6 Directors receiving no emolument</b>	7	8
<b>37.7 Number of Directors in receipt of emoluments within the following ranges:</b>		
Below N15,000,000	3	-
N15,000,001 - N20,000,000	-	1
N20,000,001 - N25,000,000	-	1
Above N25,000,000	1	-
	<b>1</b>	<b>2</b>

**STATEMENT OF VALUE ADDED  
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

	September		December	
	2019 N'000	%	2018 N'000	%
Revenue	112,722,803		122,213,014	
Other operating income	92,700		79,012	
Other gains and losses	-		34,699	
	<u>112,815,503</u>		<u>122,326,725</u>	
Bought in materials and services:				
Imported	(17,789,683)		(13,768,710)	
Local	(88,078,893)		(101,433,553)	
<b>Value added</b>	<b><u>6,946,927</u></b>	<b>100</b>	<b><u>7,124,461</u></b>	<b>100</b>
<b>Applied as follows:</b>				
<i>To pay employees' salaries, wages, and social benefits:</i>				
Employment cost including Directors salaries and wages, staff training and benefit scheme	1,715,814	25	2,006,255	28
<i>To pay providers of capital:</i>				
Interest payable and similar charges	1,832,841	26	1,508,064	21
<i>To pay government:</i>				
Taxation	753,048	11	770,723	11
<i>To provide for maintenance and development</i>				
Depreciation	945,000	14	1,008,715	14
Deferred tax	-	-	34,662	0
Retained earnings	1,700,224	23	1,796,042	24
<b>Value added</b>	<b><u>6,946,927</u></b>	<b>100</b>	<b><u>7,124,461</u></b>	<b>100</b>

Value added represents the additional wealth which the Company has been able to create by its employees' efforts. This statement shows the allocation of that wealth between employees, shareholders, government, providers of finance and that retained for the future creation of more wealth.