

ARDOVA PLC

**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

ARDOVA PLC

INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

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ARDOVA PLC

QUARTER ONE 2021 FINANCIAL HIGHLIGHTS

	Group	Company	
	31-Mar-21	31-Mar-21	31-Mar-20
	N'000	N'000	N'000
Revenue	41,986,711	41,649,406	52,051,784
Cost of sales	(38,640,479)	(38,448,956)	(49,262,853)
Gross profit	3,346,232	3,200,450	2,788,931
Profit before income tax	1,198,307	1,207,478	580,303
Income tax expense	(339,621)	(357,267)	(82,859)
Profit after tax	858,686	850,211	497,445
<hr/>			
Net assets	65,255,554	62,304,984	62,442,701
Retained earnings	11,546,338	11,743,328	10,893,117

ARDOVA PLC

Statement of Directors' responsibilities For the preparation and approval of the interim group financial statements

The Directors of Ardova Plc ("the company") are responsible for the preparation of the financial statements that give a true and fair view of the consolidated financial position of the Company as at 31 March 2021 and the results of its operations, cash flows and changes in the equity for the year ended, in compliance with the International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matter 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, 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
- 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 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 assessed 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 consolidated financial statements of the Company for the year ended 31 March 2021 were approved by Directors on 29 April, 2021.

On behalf of the Directors of the Company



Olumide Adeosun
Date: 29 April, 2021



Moshood Olajide
Date: 29 April, 2021

ARDOVA PLC

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2021

	Notes	Group	Company	
		31-Mar-21 N'000	31-Mar-21 N'000	31-Mar-20 N'000
Revenue	7.1.1.	41,986,711	41,649,406	52,051,784
Cost of sales	7.1.2.	(38,640,479)	(38,448,956)	(49,262,853)
Gross profit		3,346,232	3,200,450	2,788,931
Other income	8.	165,732	160,324	546,463
Distribution expenses	9a.1.	(607,959)	(607,960)	(599,181)
Administrative expenses	9a.2.	(1,461,789)	(1,361,181)	(2,000,500)
Operating profit		1,442,216	1,391,633	735,713
Finance income	10.	11,038	11,038	108,006
Finance cost	10.	(254,947)	(195,193)	(263,416)
Net finance cost		(243,909)	(184,155)	(155,410)
Profit before income tax		1,198,307	1,207,478	580,303
Income tax expense	11.	(339,621)	(357,267)	(82,859)
Profit after tax		858,686	850,211	497,444
Other Comprehensive Income:				
Items that may be reclassified subsequently to profit or loss				
Total other comprehensive income net of taxes		-	-	-
Earnings per share				
Basic/diluted in (N)	12.	0.66	0.65	0.38


The accompanying notes and significant accounting policies form an integral part of these consolidated financial statements.


ARDOVA PLC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2021

	Note	Group		Company	
		31-Mar-21 N'000	31-Dec-20 N'000	31-Mar-21 N'000	31-Dec-20 N'000
Assets					
Non-current assets					
Property, plant and equipment	13.	15,517,958	15,220,348	10,180,504	10,160,351
Right of use assets	14.	1,270,633	1,325,861	1,270,633	1,325,861
Investment property	15.	1,474,735	1,481,097	1,474,735	1,481,097
Intangible assets	16.	39,275	43,567	33,415	37,707
Trucks on Hire purchase receivables	17.	-	4,591	-	4,591
Investment in Mobile Power	18.	50,890	50,890	50,890	50,890
Investment in Axles and Cartage	19.	-	-	1,000	1,000
Deferred tax assets	20b.	708,533	639,181	603,201	551,290
Total non-current assets		19,062,024	18,765,535	13,614,378	13,612,787
Current assets					
Inventories	21.	12,693,311	14,553,608	12,642,360	14,535,714
Trade and other receivables	-	31,663,569	28,490,908	34,218,967	31,270,585
Restricted cash	23.	89,190	30,127	89,190	30,127
Cash and cash equivalents	24.	1,747,363	3,006,283	1,740,097	2,993,487
Total current assets		46,193,433	46,080,926	48,690,614	48,829,913
Total assets		65,255,554	64,846,460	62,304,984	62,442,701
Equity					
Share capital	26.	655,314	655,314	655,314	655,314
Share premium	26.	8,071,943	8,071,943	8,071,943	8,071,943
Other reserves	26.	(5,041)	(5,041)	(5,041)	(5,041)
Retained earnings	26.	11,546,338	10,687,652	11,743,328	10,893,117
Total equity attributable to equity holders of the Company		20,268,554	19,409,868	20,465,545	19,615,333
Treasury stock	26.	(1,388,574)	(1,388,574)	(1,388,574)	(1,388,574)
Non controlling interests	26.	-	-	-	-
Total equity		18,879,980	18,021,294	19,076,971	18,226,759
Liabilities					
Non-current liabilities					
Deferred tax liabilities	20b.	1,178,622	1,211,164	1,179,169	1,211,507
Total non-current liabilities		1,178,622	1,211,164	1,179,169	1,211,507
Current liabilities					
Trade and other payables	29.	36,475,811	35,481,426	36,396,063	35,434,507
Current income tax liabilities	11.	1,619,943	1,175,592	1,619,943	1,175,592
Medium term bond	28.	2,984,405	2,847,762	2,984,405	2,847,762
Loans and borrowings (28.3)	28.	2,284,258	2,289,627	-	-
Bank overdraft	24.	1,832,535	3,819,595	1,048,433	3,546,574
Total current liabilities		45,196,952	45,614,002	42,048,844	43,004,435
Total liabilities		46,375,574	46,825,166	43,228,013	44,215,942
Total equity and liabilities		65,255,554	64,846,460	62,304,984	62,442,701

The financial statements were approved by the Board on 29 April 2021 and signed on its behalf by:


Olumide Adeosun
Chief Executive Officer
FRC/2020/003/00000020356


Moshood Olajide
Executive Director, Finance
FRC/2018/MULTI/00000017818

The accompanying notes and significant accounting policies form an integral part of these consolidated financial statements.

ARDOVA PLC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2021

Attributable to equity holders - the Group

	Share capital N'000	Share premium N'000	Reserves N'000	Retained earnings N'000	Total N'000	Treasury shares N'000	Total equity N'000
Balance at 1 January 2021	655,314	8,071,943	(5,041)	10,687,652	19,409,868	(1,388,574)	16,163,325
Changes in equity for 2020:							
Profit for the period	-	-	-	858,686	858,686	-	858,686
Balance at 31 March 2021	655,314	8,071,943	(5,041)	11,546,338	20,268,554	(1,388,574)	17,022,011

The accompanying notes and significant accounting policies form an integral part of these consolidated financial statements.

INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2021

Attributable to equity holders of the Company

	Share capital N'000	Share premium N'000	Reserves N'000	Retained earnings N'000	Total	Treasury shares N'000	Total equity N'000
Balance at 1 January 2021	655,314	8,071,943	(5,041)	10,893,117	19,615,333	(1,388,574)	18,226,759
Changes in equity for 2021:							
Profit for the period	-	-	-	850,211	850,211	-	850,211
Balance at 31 March 2021	655,314	8,071,943	(5,041)	11,743,328	20,465,545	(1,388,574)	19,076,971

The accompanying notes and significant accounting policies form an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

Attributable to equity holders - the Group

	Share capital N'000	Share premium N'000	Reserves N'000	Retained earnings N'000	Total N'000	Treasury shares N'000	Total equity N'000
Balance at 1 January 2020	655,314	8,071,943	(5,041)	8,829,683	17,551,899	(1,388,574)	16,163,325
Changes in equity for 2020:							
Profit for the year	-	-	-	1,857,969	1,857,969	-	1,857,969
Balance at 31 December 2020	655,314	8,071,943	(5,041)	10,687,652	19,409,868	(1,388,574)	18,021,294

The accompanying notes and significant accounting policies form an integral part of these consolidated financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2020

Attributable to equity holders of the Company

	Share capital N'000	Share premium N'000	Reserves N'000	Retained earnings N'000	Total	Treasury shares N'000	Total equity N'000
Balance at 1 January 2020	655,314	8,071,943	(5,041)	8,829,683	17,551,899	(1,388,574)	16,163,325
Changes in equity for 2020:							
Profit for the period	-	-	-	497,444	497,444	-	497,444
Balance at 31 December 2020	655,314	8,071,943	(5,041)	9,327,127	18,049,343	(1,388,574)	16,660,769

The accompanying notes and significant accounting policies form an integral part of these consolidated financial statements.

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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2021

	Notes	Group		
		31-Mar-21 N'000	31-Mar-21 N'000	31-Mar-20 N'000
Cash flows from operating activities				
Profit for the year		858,686	850,211	497,444
Adjustment for:				
Depreciation of property, plant and equipment	13.	292,991	292,311	265,613
Depreciation of Right of use assets	14.	76,140	76,140	114,496
Depreciation of investment property	15.	6,362	6,362	6,362
Amortization of intangible asset	16.	4,292	4,292	17,239
Provision no longer required	27.	-	-	(371)
Profit on disposal of property, plant and equipment	13.	(2,827)	(2,827)	(269,514)
Impairment allowances	22.6.	39,966	39,966	(108,006)
Finance income	10.	(11,038)	(11,038)	263,416
Finance cost on loans and borrowings	10.	254,947	195,193	-
Income tax adjustment	11	2,836	2,836	
Income tax expense	11.	339,621	357,267	82,859
		1,861,976	1,810,713	869,538
Changes in:				
Inventories	21.	1,860,297	1,893,354	1,482,164
Trade and other receivables	0	(3,208,035)	(2,983,756)	(4,744,625)
Trade and other payables	29.	994,385	961,556	9,099,367
		1,508,623	1,681,867	6,706,444
Cash generated from operating activities				
Employee benefit paid	27.	-	-	(262,531)
		1,508,623	1,681,867	6,443,913
Net cash generated from operating activities				
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	13,8.	15,814	15,814	150,538
Acquisition of property, plant and equipment	13.	(603,588)	(325,451)	(53,700)
Acquisition of ROU Asset	14.	(20,912)	(20,912)	(16,333)
Return on planned assets reinvested	27.	-	-	(17,028)
Interest received	10.	11,038	11,038	108,006
		(597,647)	(319,511)	171,483
Net cash generated from investing activities				
Cash flows from financing activities				
Loan and borrowings-Bond	28.	-	136,643	250,034
Repayment of loan and interest	28.1	(123,673)	-	-
Interest paid	10.	-	(195,193)	(263,416)
		(123,673)	(58,550)	(13,382)
Net cash used in financing activities				
Net increase in cash and cash equivalents		787,203	1,303,814	6,602,014
Restricted cash	23.	(59,063)	(59,063)	(59,063)
Cash and cash equivalents as at 1 January		(813,311)	(553,087)	1,867,487
Cash and cash equivalents at 31 March	24.	(85,172)	691,664	8,410,437

The accompanying notes and significant accounting policies form an integral part of these consolidated financial statements.

ARDOVA PLC

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

1. Corporate Structure and business

Arдова Plc ('Arдова' or the 'Company'), the parent of the Group, was incorporated on 11 December 1964 as British Petroleum. It was renamed African Petroleum through the nationalisation policy of the Federal Government of Nigeria in 1979.

In December 2010, the Company went through a restructuring and rebranding exercise and further changed its name to Forte Oil Plc.

In June 2019, the Company experienced a change in ownership structure. The majority shareholder in Forte Oil Plc sold all its shares in the Company to Ignite Investments and Commodities Limited. Following this, the Company's name was changed to Arдова Plc in January, 2020.

The Company is principally engaged in the marketing of petroleum products which is divided into fuels, lubricants and greases. The Company's registered address is 1, AP/Conoil Road, Ijora, Apapa Lagos.

The Company together with its subsidiary as shown below is collectively referred to as the Group.

On 11 March 2020, the Company incorporated a wholly owned subsidiary, Axles and Cartage Limited as a private limited liability company in Nigeria. The subsidiary provides transport and haulage services to customers.

2. Significant changes in the current reporting period

The following significant changes occurred during the reporting period ended 31 March 2021:

Oil prices and demand for oil products reduced significantly due to the global Coronavirus (COVID-19) pandemic and other geopolitical events around the world. These recent events will continue to have an impact on oil price volatility. The Group will continue to monitor the oil prices and take adequate steps to manage its business and any financial impact of same.

The Group's operations are not affected by seasonality or cyclicity.

3. Summary of significant accounting policies

3.1 Introduction to summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These accounting policies have been applied to all the periods presented, unless otherwise stated. The financial statements are for the Group consisting of Arдова and its subsidiary.

3.2 Basis of preparation

i) Compliance with IFRS

The consolidated financial statements of the Group for the year ended 31 March 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee (IFRS IC). The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and with the requirements of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004 ("CAMA" and Financial Reporting Council of Nigeria Act ("FRCN Act").

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

ii) Historical cost convention

The financial statements have been prepared under the going concern assumption and historical cost convention, except for financial instruments measured at fair value on initial recognition. The financial statements are presented in Nigerian Naira, and all values are rounded to the nearest thousand (₦'000), except when otherwise indicated.

iii) Going concern

Nothing has come to the attention of the directors to indicate that the Group will not remain a going concern for at least twelve months from the date of these financial statements.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

3.3 New amendments and interpretations issued and effective 2021.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The IASB amends IFRS 16 to provide lessees with a practical expedient that relieves a lessee from assessing whether a COVID 19-related rent concession is a lease modification. The amendment require lessees that apply the practical expedient to account for COVID-19-related rent concessions as if they were not lease modifications and disclose whether the practical expedient has been applied to all eligible contracts, or, if not, information about the nature of the contracts to which the practical expedient has been applied. The amendment allows lessees to apply the practical expedient retrospectively, recognising the cumulative effect of applying the amendment as an adjustment to the opening retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment. There were no changes made with regard to lessor accounting.

These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group have any rent concessions.

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorised for issue at 28 May 2020.

b. Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

c. Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the consolidated financial statements of the Group.

For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

d. Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of the Group, nor is there expected to be any future impact to the Group.

The amendments are effective for annual reporting periods beginning on or after 1 January 2020.

e. Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

These amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relation is affected if the reform gives rise to uncertainties about the timing and of amount of benchmark-based cashflows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

3.4 New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for March 2021 reporting periods and have not been early adopted by the Group. The Group does not expect the new accounting standards and interpretations to have a material impact on its current or future reporting periods. Details of these new standards and interpretations are set out below:

- IFRS 17 Insurance Contracts - Effective for annual periods beginning on or after 1 January 2023
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Classification of Liabilities as Current or Non-current - Amendments to IAS 1 - Effective for annual periods beginning on or after 1 January 2022.
- Amendments to IAS 16 Property, Plant and Equipment - Effective date for annual periods beginning on or after 1 January 2022
- Amendments to IAS 8 Accounting Policies and Accounting Estimates - Effective date for annual periods beginning on or after 1 January 2022
- Amendments to IAS 37 Onerous Contracts - Costs of Fulfilling a Contract - Effective date for annual periods beginning on or after 1 January 2022

3.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 March 2021. The Group comparative figures is not presented in the financial statement as 2020 reporting period is the first year of consolidation for the company and its subsidiary. The subsidiary was acquired in 2020 financial year.

Minority Interest:

Information on minority interest is not presented in the financial statement as the company's subsidiary Axles and Cartage Limited is wholly owned by Ardova plc.

i. Subsidiary

A subsidiary is an entity over which the Group has control.

The consolidated financial information comprises the financial statements of the Company and its subsidiary as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

A subsidiary is consolidated from the date on which control is obtained by the Group and are deconsolidated from the date control ceases.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

ii. Change in the ownership interest of subsidiary

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of financial position and profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The financial statements of the subsidiary is prepared for the same reporting periods as the parent company using consistent accounting policies.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

iii Disposal of subsidiary

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

3.6 Functional and presentation currency

Items included in the financial statements of the Group's subsidiary are measured using the currency of the primary economic environment in which the subsidiary operates ('the functional currency'), which is the Nigerian Naira. The consolidated financial statements are presented in thousands of Nigerian Naira (N'000).

i. Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are generally recognised in profit or loss. They are deferred in equity if attributable to net investment in foreign operations.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss or other comprehensive income depending on where fair value gain or loss is reported.

3.7 Financial instruments

(a) Classification and measurement

Financial assets

It is the Group's policy to initially recognise financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss (FVTPL) which are expensed in profit or loss.

Classification and subsequent measurement is dependent on the Group's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Group may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income.

Business model: The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the objective is solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group in determining the business model for the financial assets include past experience on how cash flows for these assets were collected, how the assets performance is evaluated and reported to key management personnel and how risks are assessed and managed.

Solely Payments of Principal and Interest: Where the business model is to collect contractual cash flows, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Based on these factors, the Group classifies its debt instruments into one of the following measurement categories:

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss due to impairment or upon derecognition of a financial asset is recognised in profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through other comprehensive income: Assets in this category are held to collect contractual cash flows and sell where there are advantageous opportunities. A gain or loss on a financial asset is recognised in other comprehensive income except impairment gains or losses and foreign exchange gains or losses in the period in which it arises. Interest income from these financial assets is included in finance income.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a financial asset is recognised in profit or loss and presented net in the profit or loss statement within other income/(expenses) in the period in which it arises. Interest income from these financial assets is included in finance income.

The Group reclassifies its financial assets when and only when its business model for managing those assets changes. Such changes are expected to be infrequent.

All the Group's financial assets as at 31 March 2021 are *cash and cash equivalents and trade and other receivables* and they satisfy the conditions for classification at amortised cost under IFRS 9. They are included in current assets, except for maturities greater than 12 months after the reporting date which are included in non-current assets.

Financial liabilities

Financial liabilities of the Group are classified and measured at fair value on initial recognition net of directly attributable transaction costs and subsequently measured at amortised cost.

Fair value gains or losses for financial liabilities designated at fair value through profit or loss are accounted for in profit or loss except for the amount of change that is attributable to changes in the Group's own credit risk which is presented in other comprehensive income. The remaining amount of change in the fair value of the liability is presented in profit or loss. The Group's financial liabilities include *trade and other payables, medium term bond and bank overdraft*. The Group has no financial liabilities measured at fair value through profit or loss.

(b) Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. This is applicable to financial assets classified at amortised cost. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The simplified approach is applied to all trade related receivables while the general approach is applied to other receivables and cash and cash equivalents

The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Group's historical default rates observed over the expected life of the receivable and adjusted forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have their ECL measured as 12 month ECL which is a proportion of their lifetime ECL

that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each ageing bucket and for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the historical pattern of the receivable, and it assesses the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. The EAD is the total amount of outstanding receivable at the reporting period. These three components are multiplied together and adjusted for forward looking information, such as the inflation rate and GDP growth rate in Nigeria, to arrive at an ECL which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss.

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(c) Significant increase in credit risk and definition of default

The Group assesses the credit risk of financial assets based on the information obtained during periodic review of publicly available information, industry trends and payment records. Based on the analysis of the information provided, the Group identifies the assets that require close monitoring.

Furthermore, financial assets that have been identified to be more than 30 days past due on contractual payments are assessed to have experienced significant increase in credit risk. These assets are grouped as part of Stage 2 financial assets where the three-stage approach is applied.

Financial assets are defined to be in default when contractual payments have not been received at least 90 days after the contractual payment period. Subsequent to default, the Group carries out active recovery strategies to recover all outstanding payments due on receivables. Where the Group determines that there are no realistic prospects of recovery, the financial assets and any related loss allowances are written off either partially or in full.

(d) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognised in profit or loss.

Financial liabilities

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

(e) Modification

When the contractual cash flows of a financial instrument are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Group recalculates the gross carrying amount of the financial instrument and recognises a modification gain or loss immediately within finance income/(cost)-net at the date of the modification. The gross carrying amount of the financial instrument is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial instrument's original effective interest rate.

(f) Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position. Offsetting can be applied when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The legally enforceable right is not contingent on future events and is enforceable in the normal course of business, and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

3.8 Revenue from contracts with customers

The Group recognises revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those services. A valid contract is recognised as revenue after;

- The contract is approved by the parties.
- Rights and obligations are recognised.
- Collectability is probable.
- The contract has commercial substance.
- The payment terms and consideration are identifiable.

The Group recognises revenue by providing the following goods and services:

(a) Sale of petroleum products (white products), Aviation Turbine Kerosene (ATK), lubricants and greases, and solar panel.

Revenue is recognised when each performance obligation for the sale of goods are fulfilled. Revenue is allocated to each performance obligation based on the relative stand-alone selling price related to each performance obligation. Revenue from sale of petroleum products, Aviation Turbine Kerosene, lubricants, greases, and solar panel is recognised point in time when the goods are delivered to the customers.

(b) Haulage and transportation services

Haulage and transportation services are recognised as revenue when each performance obligation for the transportation service is fulfilled. Revenue is allocated to each performance obligation based on the relative stand-alone selling price related to each performance obligation. Revenue from provision of transportation and haulage service is recognised over time as customers consume the benefits as the service is being rendered.

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3.9 Property, plant and equipment

3.9.1 Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. Items of property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for the intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Depreciation of property, plant and equipment commences when an asset is available for use.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired.

When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

3.10 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

-the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all

of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

-the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

-the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

-the Company has the right to operate the asset; or

-the Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of retail station(property) in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

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

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of property that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Short-term leases are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases and leases of low-value assets would be recognised as expenses in profit or loss on a straight-line basis over the lease term. The Group has short term leases and low value lease.

3.10.1 Extension and termination options

Extension and termination options are included in the Group's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Most of the extension options are subject to mutual agreement by the lessee and lessor and some of the termination options held are exercisable by both parties.

3.11 **Investment property**

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the property. Investment properties under construction are disclosed as capital work-in-progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the property to a condition of commercial lease to third parties. Land held for an undefined future use is recognised as investment property.

Property that is being constructed or developed for future use as investment property is recognised as investment property.

Depreciation is calculated over the depreciable amount, which is the cost of a property, or other amount substituted for cost, less its residual value. Depreciation is recognised on a straight - line basis over the useful life of the investment property.

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

Land	Over lease year
Buildings	25 years

The criteria used by the Company to distinguish investment property from owner occupied property are as follows:

- The property must not be actively used for the running of the core business activity of the Company that is, production and marketing of petroleum products.
- The property generates cash flows which have no direct connection with core business activity of the Company.
- The property is held primarily for rental income generation and/or value appreciation.

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

Transfers are made to (or from) investment property only when there is a change in use. If owner-occupied property becomes an investment property, the group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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3.12 Earnings per share

The Company presents basic/diluted earnings per share data for its ordinary shares.

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share adjusts the figures used in the determination of Basic earnings per share to take into account the weighted average number of additional shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3.13.1 Rental income

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from other property is recognised as other income.

3.13.2 Throughput income

Throughput income represents fees earned from the use of the Company's storage facilities by third parties on one hand and the Nigerian National Petroleum Corporation product discharge into these storage facilities. These are recognised as other income.

3.14 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. Segment results that are reported to the Company's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of head office expenses, other income like (sundry income, rental income, foreign exchange gain and gain on disposal of PPE) and tax assets and liabilities.

3.15 Loans and borrowings

3.15.1 Interest-bearing borrowings

Interest-bearing borrowings are stated 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 year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

3.15.1.1 Debt instruments

Financial instruments issued by the Group are qualified as debt instruments if there is a contractual obligation to deliver cash or another financial asset to the holder of the instrument. The same applies if the Company is required to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company.

Issues of bonds are recorded at their initial fair value which normally reflects the proceeds received, net of direct issue costs less any repayments. Subsequently these are stated at amortised cost, using the effective interest method. Any difference between the proceeds after direct issue costs and the redemption value is recognised over the term of the borrowing in the income statement using the effective interest method.

3.15.2 Compound instruments

At the issue date, the fair value of the liability component of a compound instrument is estimated using the market interest rate for a similar non-convertible instrument. This amount is recorded as a liability at amortised cost using the effective interest method until extinguished upon conversion or at the instrument's redemption date.

The equity component is determined as the difference of the amount of the liability component from the fair value of the instrument. This is recognised in equity, net of income tax effects, and is not subsequently remeasured.

3.16 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

3.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects and costs directly attributable to the issue of the instrument.

3.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

Dividends which remained unclaimed for a year exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with Section 385 of Companies and Allied Matters Act of Nigeria, are written back to retained earnings.

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3.19 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the year in which they are incurred.

3.20 Taxation

Income tax for the year is based on the taxable income for the year. Taxable income differs from profit as reported in the statement of comprehensive income for the year as there are some items which may never be taxable or deductible for tax and other items which may be deductible or taxable in other years.

The Company offsets the tax assets arising from withholding tax credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set-off the recognised amounts, and it intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would not be realised.

Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the statement of financial position. Deferred tax assets and liabilities are not recognised if they arise in the following situations: the initial recognition of goodwill; or the initial recognition of assets and liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans approved by the board for the Company.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

3.21 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories - AGO, ATK, LPFO is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The cost of inventories - PMS and DPK is based on the standard cost principle. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Packaging Materials, Solar inverters, Lubricants, and Greases are valued based on Weighted Average Cost. Inventories -in-transit are valued based on purchase cost incurred to date.

Perpetual inventory system where cost of sales and ending inventory is updated continuously is in use.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The production costs comprise direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads.

Allowance is made for obsolete, slow moving or defective items where appropriate.

3.21.1 Spare parts and consumables

Spare parts which are expected to be fully utilized in production within the next operating cycle and other consumables are valued at weighted average cost.

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3.22 Intangible assets

3.22.1 Intangible assets acquired separately

Intangible assets acquired separately are shown at historical cost less accumulated amortisation and impairment losses.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible assets unless such lives are indefinite. These charges are included in other expenses in profit or loss.

Intangible assets with an indefinite useful life are tested for impairment annually. Other intangible assets are amortised from the date they are available for use. The estimated useful life for the current and comparative year is:

Software costs - 3 to 8 years

Amortisation years and methods are reviewed annually and adjusted if appropriate.

3.22.2 Intangible assets generated internally

Expenditures on research or on the research phase of an internal project are recognised as an expense when incurred. The intangible assets arising from the development phase of an internal project are recognised if, and only if, the following conditions apply:

- it is technically feasible to complete the asset for use by the Company;
- the Company has the intention of completing the asset for either use or resale;
- the Company has the ability to either use or sell the asset;
- it is possible to estimate how the asset will generate income;
- the Company has adequate financial, technical and other resources to develop and use the asset; and
- the expenditure incurred to develop the asset is measurable.

If no intangible asset can be recognised based on the above, then development costs are recognised in profit and loss in the year in which they are incurred.

3.22.3 Intangible assets recognised in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date.

3.22.4 Subsequent expenditure

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

3.22.5 Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight - line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this must closely reflect the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for the current and comparative year is:

Computer software: 3 to 8 years

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Derecognition

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. The gain or loss is recognised in profit or loss when the asset is derecognised.

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3.23 Uncertainty over income tax treatment

The Group examines where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. It considers each uncertain tax treatment depending on which approach better predicts the resolution of the uncertainty. The factors it considers include:

- how it prepares and supports the tax treatment; and
- the approach that it expects the tax authority to take during an examination.

If the Group concludes that it is probable that the tax authority will accept an uncertain tax treatment that has been taken or is expected to be taken on a tax return, it determines the accounting for income taxes consistently with that tax treatment. If it concludes that it is not probable that the treatment will be accepted, it reflects the effect of the uncertainty in its income tax accounting in the period in which that determination is made (for example, by recognising an additional tax liability or applying a higher tax rate).

The Group measures the impact of the uncertainty using methods that best predicts the resolution of the uncertainty. The Group uses the most likely method where there are two possible outcomes, and the expected value method when there are a range of possible outcomes.

The Group assumes that the tax authority with the right to examine and challenge tax treatments will examine those treatments and have full knowledge of all related information. As a result, it does not consider detection risk in the recognition and measurement of uncertain tax treatments. The Group applies consistent judgements and estimates on current and deferred taxes. Changes in tax laws or the presence of new tax information by the tax authority is treated as a change in estimate in line with IAS 8 - Accounting policies, changes in accounting estimates and errors.

Judgements and estimates made to recognise and measure the effect of uncertain tax treatments are reassessed whenever circumstances change or when there is new information that affects those judgements. New information might include actions by the tax authority, evidence that the tax authority has taken a particular position in connection with a similar item, or the expiry of the tax authority's right to examine a particular tax treatment. The absence of any comment from the tax authority is unlikely to be, in isolation, a change in circumstances or new information that would lead to a change in estimate.

3.24 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. Other receivables generally arise from transactions outside the usual operating activities of the Group. Collateral is not normally obtained. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 5.

3.25 Employee benefits

The Group operates defined contribution plans.

3.25.1 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the year during which services are rendered by employees. In relation to the defined contribution plan, the Company has in place the Pension fund scheme.

3.25.2 Pension fund scheme

In accordance with the revised provisions of the Pension Reform Act, 2014, the Company has instituted a Contributory Pension Scheme for its employees, where both the employees and the Company contribute 8% and 10% respectively of the employee's emoluments (basic salary, housing and transport allowances). The Company's contribution under the scheme is charged to the profit and loss account while employee contributions are funded through payroll deductions.

3.25.3 Terminal benefit

Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting year, then they are discounted to their present value.

3.25.4 Short term benefits - Profit-sharing and bonus plans

This recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to Ardova's shareholders after certain adjustments. It recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

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3.26 Provision, contingencies and decommissioning costs

3.26.1 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.26.2 Contingent liabilities

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company. Contingent liabilities are not recognised in the financial statements but are disclosed. However if the possibility of an outflow of economic resources is considered remote, such contingent liabilities are recognised in the financial statements.

3.26.3 Contingent assets

Contingent assets are possible assets that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are only disclosed when an inflow of economic benefit is probable. Asset is recognised when the realisation of income is virtually certain, in which case the related asset is no more contingent.

3.26.4 Decommissioning costs

Liabilities for decommissioning costs are recognised when the Company has an obligation to dismantle and remove a facility or an item of property, plant or equipment and to restore the site on which it is located, and when a reliable estimate of the liability can be made. Where an obligation exists for a new facility such as a retail outlet, this will be on construction. An obligation for decommissioning may also crystalize during the year of operation of a facility through a change in legislation or through a decision to terminate operations. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding item of property, plant and equipment of an amount equivalent to the provision is also recognised. This is subsequently depreciated as part of the asset.

Other than the unwinding discount on the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding item of property, plant and equipment.

3.27 Interest in other entities - material subsidiary

The Group's principal subsidiary as at 31 December 2020 is Axle and Cartage Plc. The share capital consists solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The principal activity is the provision of haulage services. The country of incorporation or registration and the principal place of business of the subsidiary is Nigeria.

There were no significant judgements made in consolidating the entity. Also, there were no significant restrictions on the entity

3.28 Repurchase and reissue of share capital (Treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

3.29 Related party relationships and transactions

The Group is controlled by Ardova Plc (the parent Company). The parent Company is owned directly by (Ignite Investments and Commodities Limited) controlled by AbdulWasiu O. Sowami. The remaining shares in the parent Company are widely held.

3.30 Event occurring after the balance sheet date

The value of asset and liabilities at the balance sheet date are adjusted if there is evidence that subsequent adjusting event warrant a modification of these values. These adjustment are made up to the date of approval of the financial statements by the Board of Directors.

Other non-adjusting event are disclosed in the notes.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

4 Use of estimates and judgements

The preparation of the company financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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 year in which the estimates are revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years. In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Changes in these assumptions may materially affect the financial position or financial results reported in future years. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements.

a) Recovery of deferred tax assets

Judgement is required to determine which types of arrangements are considered to be tax on income in contrast to an operating cost. Judgement is also required in determining whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses require management assessment of the likelihood that the Company will generate sufficient taxable earnings in future years in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by sales volume and production, global oil prices, operating costs and capital expenditure) and judgement about the application of existing tax laws.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the reporting date could be impacted.

Future changes in tax laws could also limit the ability of the Company to obtain tax deductions in future years.

b) Contingencies

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

c) Impairment review

IFRS requires management to undertake an impairment test of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment testing is an area which involves management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- a) growth in EBITDA, calculated as adjusted operating profit before depreciation and amortisation;
- b) timing and quantum of future capital expenditure;
- c) long-term growth rates; and
- d) the selection of discount rates to reflect the risks involved.

The Company prepares and approves a formal five-year management plan for its operations, which is used in the calculation of its value in use, a long-term growth rate into perpetuity has been determined as the compound annual growth rate in EBITDA in years four to five of the management plan.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Company's impairment evaluation and hence results. The Company's review includes the key assumptions related to sensitivity in the cash flow projections.

The loss allowances for financial assets are based on assumptions about expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The Group incorporated the effects of GDP and inflation in determining the expected loss rates. The key assumptions used to determine the impairment of financial assets, including a sensitivity analysis, are disclosed and further explained in Note 6.

ARDOVA PLC

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

5. Financial risk management

Overview

Our risk management objective is to ensure sustainable business growth with stability by promoting a pro-active approach in identifying, evaluating, mitigating and reporting risks associated with the business. In order to achieve these objective, we have established a structured and disciplined approach to Risk Management, including the development of the Risk Matrix, in order to guide decisions of the Company on risk related issues. The Company has a risk management system embedded in our day to day business activities which guides our business operations and is being followed in a consistent and systematic manner to increase value to our shareholders. Our Enterprise Risk Management framework focuses on enterprise wide risk of the Company with the objective to protect and enhance each entity's value and by extension the Company's value.

Risk Management framework

The Board of Directors sets our overall risk appetite, approve the risk management strategy and is ultimately responsible for the effectiveness of the risk management process and system of internal control within the Company.

Specific objectives of the Company's Risk Management framework are:

- To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated and managed.
- To establish a framework for the Company's risk management process and to ensure Company-wide implementation.
- To ensure systematic and uniform assessment of risks related with the Company's operations.
- To reduce operational surprises and losses.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability.

The Board oversees risk management through the following Committees:

Board Risk Management Committee

The Board Risk Management Committee is responsible for developing and monitoring the Company's risk management policies which are established to identify and analyse the risks faced by the Company, to set appropriate risk limit and controls, monitor risks and adherence to risk limits. The Committee ensures that risk management policies are integrated into the Company's culture. The Committee also reviews quarterly risk management reports and direct appropriate actions to be taken by senior management. The committee reports quarterly to the Board of Directors on its various activities.

Statutory Audit Committee

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Corporate Governance and Remuneration Committee

The Corporate Governance and Remuneration Committee assists the Board in fulfilling its responsibilities in relation to Corporate Governance & remuneration matters. It ensures the Company meets all legal and regulatory requirements for business operations, thus protecting the Company from incurring operational and reputational liabilities that can affect the achievement of our goals and objectives.

Risk Management Committee

The Risk Management Committee is a Management Committee of the Company which evaluates the risks inherent within the business and ensures that they are captured appropriately within the business risk profile. The committee monitors residual risk exposures and provides assurance as to adequacy of controls implemented to manage risks to the agreed level of appetite. The committee meets monthly, however risk reports are provided quarterly to the Board Risk Committee. Principal risk events are however escalated immediately.

Credit Risk Management Committee

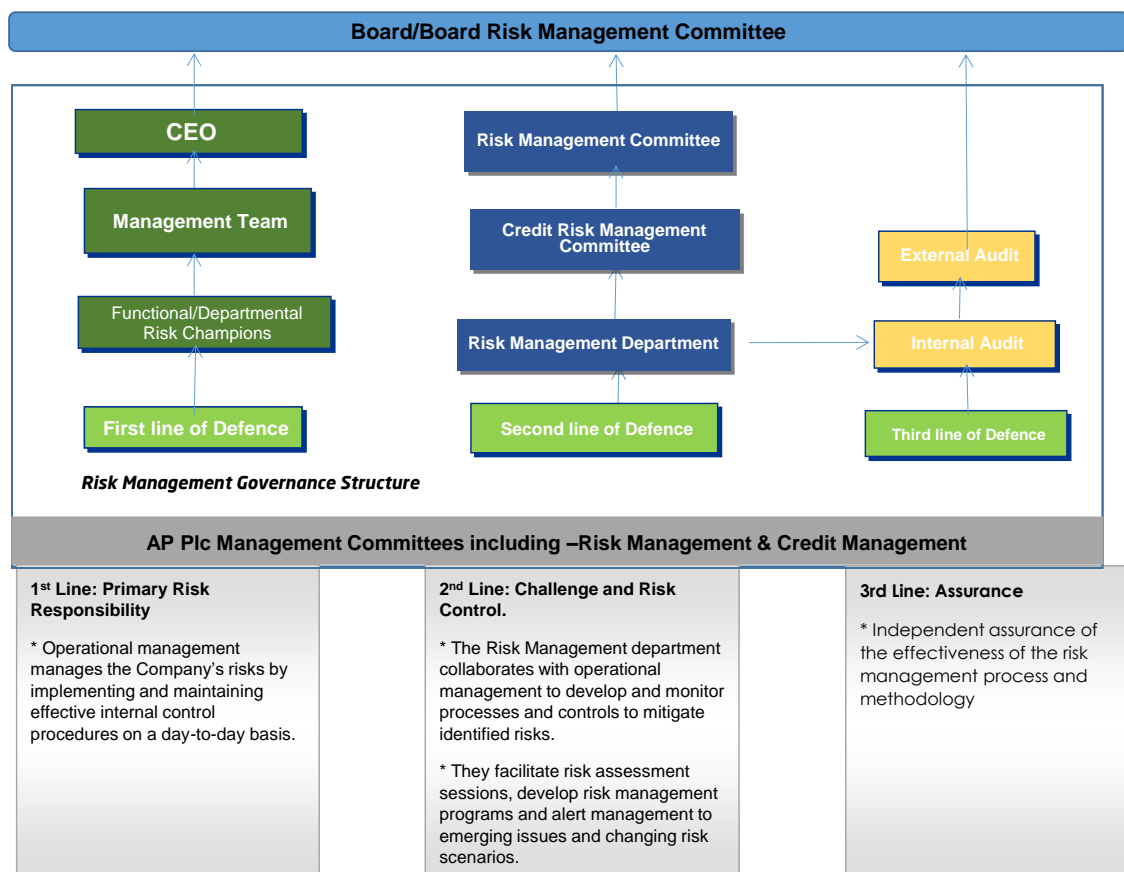
The Credit Risk Management Committee is a Sub-Committee of the Risk Management Committee that assesses the credit risk of the Company. The Committee reviews and approves credit request in line with the Company's credit policy.

The committee also meets at least monthly to review payment performance of credit customers, the adequacy of Bank Guarantees, credit limits of customers and also take appropriate actions to ensure zero tolerance for bad debts.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

Risk Management Structure & Governance



Risk Profile

In the course of our daily operations, we are exposed to various risks. The Company has a risk management function that manages these risks with various reporting done as required. We have categorised the risks into the following:

Financial Risk

- Credit risk
- Liquidity risk
- Market risk
- Capital risk management

Other risk

- Reputational Risk
- Strategic Risk
- Operational Risk
- HSE Risk

Financial Risk

The Company's overall risk management focuses on the unpredictability of financial markets and the adverse effect on the Company's financial and operational performance. The Company has a risk management function that manages the financial risks relating to the Company's operations under the policies approved by the Board of Directors.

The Company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk
- Foreign Exchange Risk
- Currency Risk
- Interest Rate Risk
- Other Market Risk

ARDOVA PLC

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

Credit Risk

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 a policy of only dealing with creditworthy customers as a means of mitigating the risk of financial loss from defaults. We also secure our credits with Bank Guarantees from Company selected Banks.

The Company uses other publicly available financial information and its own trading records to evaluate its major customers using the Credit Application. All credits are administered in line with the company's Credit policy.

Trade and other receivables

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness. Credit limit is established for each customer, which represents the maximum exposure to the customer. These limits are reviewed annually by management credit committee based on customer's performance and credit worthiness. Customers that fail to meet the Company's credit criteria may transact with the Company on a cash-and-carry basis or provide a Bank Guarantee.

Our exposure to credit risk for trade and other receivables and related impairment losses at the reporting date is as disclosed below.

Reconciliation of gross carrying amount of financial assets

The gross carrying amount financial assets as at 31 March reconcile to the opening balances as follows:

	Group		Company	
	Trade receivables N'000	Other receivables N'000	Trade receivables N'000	Other receivables N'000
Gross carrying amount as at 1 January 2021	4,706,538	28,439,656	4,706,538	28,439,656
Financial assets derecognised	-	-	-	-
New financial assets originated	(926,218)	1,359,169	(926,218)	3,914,567
Gross carrying amount as at 31 March 2021	3,780,320	29,798,825	3,780,320	32,354,223

Reconciliation of impairment loss on financial assets

The loss allowances for financial assets as at 31 March reconcile to the opening loss allowances as follows:

	Group		Company	
	Trade receivables N'000	Other receivables N'000	Trade receivables N'000	Other receivables N'000
Opening loss allowance as at 1 January 2021	1,237,712	637,897	1,237,712	637,897
Increase in loan loss allowance recognised in P/L during the year	53,905	-	53,905	-
Receivables written off during the year as uncollectible	-	-	-	-
Unused amount reversed	-	(13,939)	-	(13,939)
Closing loss allowance at 31 March 2021	1,291,617	623,958	1,291,617	623,958

Maximum exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31-Mar-21 N'000
Trade and receivables (Note 22)	31,663,569
Cash and cash equivalents (Note 24)	1,747,363
	33,410,932

Forex exposure

Bank balances denominated in other currencies	504,673
Trade and other receivables denominated in other currencies	-
Liabilities dominated in other currencies	-
	504,673

	31-Mar-21 N'000	31-Dec-20 N'000
Trade and receivables (Note 22)	34,218,967	31,270,585
Cash and cash equivalents (Note 24)	1,740,097	2,993,487
	35,959,064	34,264,072

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Forex exposure

Bank balances denominated in other currencies	472,331	496,509
Trade and other receivables denominated in other currencies	-	-
Liabilities dominated in other currencies	-	-
	472,331	496,509

Trade Receivables

The aging of loans and receivables at the reporting date was:

	31-Mar-21 N'000	31-Mar-21 %	31-Mar-21 N'000
0-2 months	1,780,275	0.23%	3,328
2-3 months	236,614	10%	22,389
3-6 months	26,843	25%	2,755
6-12 months	98,802	50%	1,328
More than 12 months	1,637,786	100%	1,261,817
	3,780,320		1,291,617

Other Receivables

The aging of loans and receivables at the reporting date was:

	31-Mar-21 N'000	31-Mar-21 %	31-Mar-21 N'000
0-2 months	21,414,231	-	-
2-3 months	328,609	-	-
3-6 months	1,457,612	-	-
6-12 months	1,624,651	-	-
More than 12 months	5,612,657	100%	623,958
	30,437,761		623,958

Trade Receivables

The aging of loans and receivables at the reporting date was:

	31-Mar-21 N'000	31-Mar-21 %	31-Mar-21 N'000	31-Dec-20 N'000	31-Dec-20 %	31-Dec-20 N'000
0-2 months	1,780,275	0.23%	3,328	2,882,100	0.10%	993
2-3 months	236,614	10%	22,389	181,669	10%	7,150
3-6 months	26,843	25%	2,755	30,455	25%	4,548
6-12 months	98,802	50%	1,328	29,162	50%	14,422
More than 12 months	1,637,786	100%	1,261,817	1,583,152	100%	1,210,601
	3,780,320		1,291,617	4,706,538		1,237,714

Other Receivables

The aging of loans and receivables at the reporting date was:

	31-Mar-21 N'000	31-Dec-20 %	31-Mar-21 N'000	31-Dec-20 N'000	31-Dec-20 %	31-Dec-20 N'000
0-2 months	21,414,231	-	-	19,561,410	-	-
2-3 months	328,609	-	-	343,660	-	-
3-6 months	1,457,612	-	-	1,457,612	-	-
6-12 months	1,624,651	-	-	1,488,014	-	-
More than 12 months	5,612,657	100%	623,958	5,612,657	100%	637,897
	30,437,761		623,958	28,463,354		637,897

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

Analysis of financial assets impaired.

	31-Mar-21 N'000	31-Mar-21 %	31-Mar-21 N'000
Trade receivables	3,780,320		1,291,617
PSF Receivables	-	-	-
Advances to contractors	540,000	100%	540,000
Other Receivables	53,400	100%	53,400
Receivables from Property customers	15,709	100%	15,709
Receivables from former employees	14,850	100%	14,850
	4,404,278		1,915,575

The average credit year on sales of goods is 60 days. Specific impairment is made for trade receivables that are past due and doubtful of recovery based on the probability of default. Receivables not specifically impaired are impaired collectively using the historical probability of default over the last three reporting years. Trade receivables are considered to be past due when they exceed the credit year granted.

Allowance for impairment losses

The Company establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade and other receivables. Please refer to Note 5 for the ageing of trade and other receivables and related impairment allowances for the Company at the reporting date. The historical provision rates are updated with current and forward looking information

The model used for impairment is explained in note 3.7 above

Investments

The Company actively monitors the credit rating of companies and only invest in liquid securities with companies with high credit ratings. The Company does not expect any counterparty to fail to meet its obligations.

Guarantees

The Company's policy is to provide financial guarantees only to related parties after a careful review of the underlying transaction. Where the underlying transaction does not meet the Company's risk appetite, such transactions are exited.

Estimation uncertainty in measuring impairment loss

The table below shows information on the sensitivity of the carrying amounts of the Group's financial assets to the methods, assumptions and estimates used in calculating impairment losses on those financial assets at the end of the reporting period. These methods, assumptions and estimates have a significant risk of causing material adjustments to the carrying amounts of the Group's financial assets.

i. Expected cashflows recoverable

The table below demonstrates the sensitivity of the Group's profit before tax to a 10% change in the expected cashflows from financial assets, with all other variables held constant:

Group	Effect on profit before tax 31-Mar-21 N'000	Effect on profit before tax 31-Dec-20 N'000
	Increase/decrease in estimated cashflows	
+10%	3,357,455	2,915,929
-10%	(3,357,455)	(2,915,929)

Company	Effect on profit before tax 31-Mar-21 N'000	Effect on profit before tax 31-Dec-20 N'000
	Increase/decrease in estimated cashflows	
+10%	3,612,995	3,252,930
-10%	(3,612,995)	(3,252,930)

i. Significant unobservable inputs

The table below demonstrates the sensitivity of the Group's profit before tax to movements in the loss given default (LGD) for financial assets, with all other variables held constant:

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Group	Effect on profit before tax	Effect on profit before tax
	31-Mar-21 N'000	31-Dec-20 N'000
Increase/decrease in loss given default		
+10%	191,558	187,561
-10%	(191,558)	(187,561)

Company	Effect on profit before tax	Effect on profit before tax
	31-Mar-21 N'000	31-Dec-20 N'000
Increase/decrease in loss given default		
+10%	191,558	187,561
-10%	(191,558)	(187,561)

The table below demonstrates the sensitivity of the Group's profit before tax to movements in probabilities of default, with all other variables held constant:

Group	Effect on profit before tax	Effect on profit before tax
	31-Mar-21 N'000	31-Dec-20 N'000
Increase/decrease in probability of default		
+10%	191,856	187,832
-10%	(191,856)	(187,832)

Company	Effect on profit before tax	Effect on profit before tax
	31-Mar-21 N'000	31-Dec-20 N'000
Increase/decrease in probability of default		
+10%	191,856	187,832
-10%	(191,856)	(187,832)

The table below demonstrates the sensitivity of the Group's profit before tax to movements in the forward-looking macroeconomic indicators, with all other variables held constant:

Group	Effect on profit before tax	Effect on profit before tax
	31-Mar-21 N'000	31-Dec-20 N'000
Increase/decrease in forward looking macroeconomic indicators		
+10%	191,586	187,581
-10%	(191,586)	(187,581)

Company	Effect on profit before tax	Effect on profit before tax
	31-Mar-21 N'000	31-Dec-20 N'000
Increase/decrease in forward looking macroeconomic indicators		
+10%	191,586	187,581
-10%	(191,586)	(187,581)

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable and avoidable losses or risking damage to the Company's reputation. Cash flow projection is performed by the treasury unit of the Company to anticipate the cash & liquidity requirements of the Company.

The Company has a clear focus on ensuring sufficient access to capital to finance growth and to refinance maturing debt obligations. As part of the liquidity management process, the Company has various credit arrangements with some banks and related parties which can be utilised to meet its liquidity requirements.

The Company manages its liquidity process by:

- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Monitoring balance sheet liquidity ratios against internal requirements.
- Managing the concentration and debt profile.
- Usage of overdraft facility to meet liquidity needs.

Lastly, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a year of 365 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

The Group	Carrying amount N'000	Contractual cash flows N'000			
31 March 2021					
Non-derivative financial liabilities					
Loans and borrowings	5,268,663	5,268,663			
Trade and other payables	36,475,811	36,475,811			
Bank overdraft	1,832,535	1,832,535			
	43,577,009	43,577,009			
	43,577,009	43,577,009			
The Company	Carrying amount N'000	Contractual cash flows N'000			
31 March 2021					
Non-derivative financial liabilities					
Secured bank loans	2,984,405	2,984,405			
Trade and other payables	36,396,063	36,396,063			
Bank overdraft	1,048,433	1,048,433			
	40,428,901	40,428,901			
	40,428,901	40,428,901			
31 December 2020					
Non-derivative financial liabilities					
Secured bank loans	2,847,762	6,443,966			
Trade and other payables	35,434,507	35,434,507			
Bank overdraft	3,546,574	3,546,574			
	41,828,843	45,425,047			
	41,828,843	45,425,047			
The Group	6 months or less N'000	6-12 months N'000	1-2 years N'000	2-5 years N'000	More than 5 years N'000
31 March 2021					
Non-derivative financial liabilities					
Secured bank loans	155,326	3,704,119	1,492,203	-	-
Trade and other payables	-	36,475,811	-	-	-
Bank overdraft	1,832,535	-	-	-	-
	1,987,861	40,179,930	1,492,203	-	-
	1,987,861	40,179,930	1,492,203	-	-

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The Company

	6 months or less N'000	6-12 months N'000	1-2 years N'000	2-5 years N'000	More than 5 years N'000
31 March 2021					
Non-derivative financial liabilities					
Secured bank loans	-	1,492,203	1,492,203	-	-
Trade and other payables	-	36,396,063	-	-	-
Bank overdraft	1,048,433	-	-	-	-
	1,048,433	37,888,266	1,492,203	-	-
31 December 2020					
Non-derivative financial liabilities					
Secured bank loans	1,610,992	1,610,992	3,221,983	-	-
Trade and other payables	-	35,434,507	-	-	-
Bank overdraft	116,773	-	-	-	-
	1,727,765	37,045,499	3,221,983	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market Risk

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

Foreign Exchange Risk

The foreign exchange (FX) risk management policy shall be considered in all FX transactions. This policy provides guidelines on how foreign exchange risk is managed. The sources of FX risk include Imports of all petroleum products for sale e.g PMS, AGO, Base Oil and ATK, FX denominated operating expenses, Receivables denominated in currency other than the base currency.

Currency Risk

The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than its functional currency. The Company is exposed primarily to US Dollars (USD), Euro (E), and Pound Sterling (GBP).

The Company monitors the movement in currency rates on an ongoing basis to mitigate the risk that the movements in the exchange rates may adversely affect the Company's income or value of their financial instruments.

Interest on borrowings is denominated in the currency of the borrower. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily Naira. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

Sensitivity analysis

A change in the exchange rate either positively or negatively by 1000 basis points would have increased/ (decreased) equity and profit or loss by the amount stated 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 year, the analysis assumes that all other variables, in particular interest rates remain.

+10%	47,233
+10%	(47,233)

A weakening of the Naira against the currencies at 31 December 2020 would have increased/(decreased) equity and profit or loss by the amount shown below:

31-Dec-20	54,990
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ARDOVA PLC

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

Interest Rate Risk

The Company is exposed to interest rate risk because the Company borrows funds at fixed interest rates and also utilizes overdraft facilities from Banks. This risk is managed by the Company by maintaining an appropriate mix between short and long term borrowings. The risk is also managed by the Company by constantly negotiating with the banks to ensure that interest rates are consistent with the monetary policy rates as defined by the Central Bank of Nigeria. At the reporting date, the average interest rate profile of the Company's interest -bearing financial interest was:

Overdraft 10.75%

The borrowings for the reporting year are highlighted below

The Company

Terms and debt repayment schedule

	Currency	Nominal Interest rate	Year of Maturity	Carrying amount N'000	Present value N'000	Carrying amount N'000
Terms and conditions of outstanding loans were as follows:						
Secured term loan	Naira	18.00%	Terminated	-	-	-
17.5% medium term bond	Naira	17.50%	2021	2,984,405	4,573,417	5,212,189
Trade finance lines	Naira	18.00%	2017	-	-	-
Total interest bearing liabilities				2,984,405	4,573,417	5,212,189

Other market Risk

The Group monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are recommended by Risk Management Committee and approved by the Executive Committee.

Management is assisted by external advisors in this regard. In accordance with this strategy, certain investments are designated at fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis. The company does not enter into commodity contracts other than to meet the expected usage and sale requirements; such contracts are not settled net.

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence at all times and to sustain future development and growth of the business. The Board of Directors monitors capital on the basis of the gearing ratio, which the company defines as total liabilities (non-current liabilities and current liabilities) over total assets (non-current assets and current assets).

The Company manages its capital structure to achieve capital efficiency, maximise flexibility and give the appropriate level of access to debt markets at attractive cost levels. Also, The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The debt to capital ratio at the end of the reporting year was as follows:

	Group	Company	
	Mar-21	Mar-21	Dec-20
	N'000	N'000	N'000
Total liabilities	46,375,574	43,228,013	44,215,942
Total assets	65,255,554	62,304,984	62,442,701
Gearing ratio as at:	71%	69%	71%

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing its returns to all stakeholders

There were no changes in the company's approach to capital management during the year.

ARDOVA PLC

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes and controls, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk to be within its risk appetite thus ensuring that the overall control processes and procedures do not restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions/processes.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the yearly assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation approach such as adequate insurance cover on the assets of the Company.

The Operational risk of the Company is identified and monitored through risk management review of operational processes and procedures across departments with the use of Risk Management tool kit such as Risk registers, Control Self- Assessments, Top 20 Risk of the business and Key Risk Indicators Review.

Compliance with the Company's operating standards is also supported by a programme of yearly reviews undertaken by Business Assurance & Compliance (BAC). The results of BAC's reviews are discussed with the management of the business unit while the summaries are submitted to the Audit Committee and Executive Management of the Company.

HSE Risk

The Company is committed to managing a Health, Safety & Environmental system that promotes a safe working environment for all employees, contractors, customers and visitors to our sites. At the Company, Health and Safety has equal importance with all other business activities.

It is the policy of the Company to carry out its activities in a manner that guarantees health and safety of its workers and other stakeholders, the protection of the Company's facilities and the environment and compliance with all regulatory and industry requirements. We consider health, safety and environmental issues as important as our core businesses and assume the responsibility of providing healthy, safe and secure work environment for our workers as required by law.

Our objective is to minimize the number of cases of occupational accidents, illnesses, damage to property and environmental degradation. 55 incidents were reported by various staff from different departments at different locations in 2020 while 45 incidents were reported in 2019.

Reputational Risk

Reputational risk is the risk that operations and activities of Ardova will negatively affect its image or public perception.

The Company understands the fact that the losses stemming from reputational exposure may not be quantifiable, thus we have implemented structures and procedures which will help protect the company against such losses.

The Board through the Risk Management committee monitor closely, media publications about the activities of Ardova Plc through Brand and Corporate Communications Unit (BCC) who ensures controls for mitigating reputational risk are active at all times.

We also regularly engage and interact with our stakeholders to know how Ardova Plc is fulfilling their expectations. We improve our performance based on the feedback obtained. Major stakeholders include customers, investors, employees, suppliers, government, regulators, special interest & consumer groups, media and the general public.

Strategic Risk

Strategic risk is the risk that the Group will make inappropriate strategic choices, or that there will be changes in the external environment to which the company fails to adapt its strategies.

The Group organizes a Strategy Review Session to deliberate on issues relating to changes in operating environment that may impact strategy execution and implementation. These include issues on Product sourcing and logistics, FX availability, currency devaluation, changes in government policies and macroeconomic variables and volatilities in crude prices which have implications for profitability, product availability and business growth.

ARDOVA PLC

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

6. Operating segment

The Company has four reportable segments, as described below, which are the Company's strategic business units. The strategic business units offer different products, and are managed separately. For each of the strategic business units, the Company's CEO reviews internal management reports on at least monthly basis. The following summary describes the operations in each of the Company's reportable segments.

Segment	Description
Fuels	This segment is responsible for the sale and distribution of petroleum products (white products) and Aviation Turbine Kerosene (ATK) in retail outlets and to industrial customers.
Lubricants and Greases	This segment manufactures and sells lubricants and greases.
Solar system	This segment sells solar system .
LPG and Cylinder Sales	This segment sells Liquefied Petroleum Gas and cylinder Sales .
Haulage and transportation services	This segment is responsible for haulage and transportation services of products

The accounting policies of the reportable segments are the same as described in notes 2 to 5.
Information regarding the results of each reportable segment is included below:

	31 MARCH 2021					31 MARCH 2020					
	Fuels	Lubricants and greases	Solar system	LPG and Cylinder Sales	Haulage and transportation services	TOTAL	Fuels	Lubricants and greases	Solar system	LPG and Cylinder Sales	TOTAL
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Revenue	36,886,427	4,755,623	3,583	3,773	337,305	41,986,712	47,800,523	4,243,642	5,845	1,774	52,051,784
Cost of Sales	34,676,574	3,764,781	3,952	3,649	191,523	38,640,479	46,315,921	2,936,789	8,250	1,893	49,262,853
Gross Profit / (loss)	2,209,853	990,842	(369)	124	145,782	3,346,233	1,484,602	1,306,853	(2,405)	(119)	2,788,931
Other income	110,701	49,635	(18)	6	5,408	165,732	285,246	256,065	3,479	1,929	546,463
Distribution expenses	(419,785)	(188,150)	-	(24)	-	(607,959)	(317,749)	(280,929)	(517)	(26)	(599,181)
Administrative expenses	(939,871)	(421,256)	-	(53)	(100,609)	(1,461,789)	(1,061,553)	(937,406)	(1,725)	(85)	(2,000,500)
	(1,248,955)	(559,771)	(18)	(71)	(95,201)	(1,904,016)	(1,094,056)	(962,270)	1,237	1,818	(2,053,218)
Operating Profit	960,898	431,071	(387)	53	50,581	1,442,217	390,546	344,583	(1,168)	1,699	735,660
Net finance cost	(127,156)	(56,992)	-	(7)	(59,754)	(243,909)	(82,425)	(72,791)	(134)	(7)	(155,410)
Profit after tax	599,240	268,933	(348)	33	(9,173)	858,686	264,014	232,965	(1,231)	1,696	497,444

The Company's CEO measures performance based on segment profit before income tax, as included in the internal management reports. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of these segments.

The measurement policies the Company uses for segment reporting are the same as those used in its financial statements. There have been no changes from prior years in the measurement methods used to determine reported segment profit or loss.

Revenue of approximately NGN5,320,342,404.96 billion are derived from ten external customers 88% of these revenues are attributable to the fuels segment.

The geographical location of the Company operations is Nigeria, operations outside Nigeria are non-existent and do not constitute a segment.

There is no disclosure of assets and liabilities per business segment because the assets and liabilities of the Company are not directly related to a particular business segment.

ARDOVA PLC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

	Group	Company	
	31-Mar-21 N'000	31-Mar-21 N'000	31-Mar-20 N'000
7.1 Revenue & Cost of Sales			
7.1.1. Revenue			
Fuels	36,886,427	36,886,427	47,800,523
Lubricants and greases	4,755,623	4,755,623	4,243,642
Solar system	3,583	3,583	5,845
Liquefied Petroleum Gas (LPG) and Cylinder Sales	3,773	3,773	1,774
Haulage and transportation services	337,305	-	-
	41,986,711	41,649,406	52,051,784
7.1.2. Cost of Sales			
Fuels	34,676,574	34,676,574	46,315,921
Lubricants and greases	3,764,781	3,764,781	2,936,789
Solar system	3,952	3,952	8,250
Liquefied Petroleum Gas (LPG) and Cylinder Sales	3,649	3,649	1,893
Haulage and transportation services	191,523	-	-
	38,640,479	38,448,956	49,262,853
	Group	Company	
	31-Mar-21 N'000	31-Mar-21 N'000	31-Mar-20 N'000
8. Other income			
Investment property rental income	18,404	18,404	52,221
Throughput income (Note 8.1)	-	-	48,217
Foreign exchange gain	123,383	123,578	23,705
Sundry income (Note 8.2)	15,332	9,729	26,139
Freight income (Note 8.3)	-	-	119,084
Gain on disposal of property, plant and equipment	8,613	8,613	277,097

This represents throughput income earned on storage of products for the Pipeline and Petroleum Marketing

8.2 This represents income from sales of scrap and empty packaging materials.

8.3 This relates to income earned by the company from transportation of petroleum products

ARDOVA PLC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

	Group	Company	
	31-Mar-21	31-Mar-21	31-Mar-20
	N'000	N'000	N'000
9a. Expenses by nature			
9a.1. Selling, distribution expenses			
Fuels - freight	544,175	544,175	530,677
Lubes - freight	63,785	63,785	68,504
Commissions	-	-	-
	607,959	607,960	599,181
9a.2. Administrative Expenses			
Personnel expenses (Note 9a.2.1)	479,547	435,015	456,022
Depreciation and amortisation	379,785	379,105	403,710
Bank charge	42,998	40,997	26,690
Transport and travel costs	43,283	43,261	54,905
Repairs and maintenance	37,745	22,427	144,147
Safety security and quality control	48,531	46,054	40,123
Insurance	62,143	39,060	48,244
Internet, communication and subscription	25,573	29,519	22,589
Utilities	36,103	36,015	35,084
Professional and legal fees	172,323	155,106	72,128
Audit fees	7,606	8,734	8,734
Board and AGM expenses	11,378	11,378	12,278
Licenses, rates and fees	26,291	26,291	7,485
Public relations, promotions and advertisement	22,450	22,450	82,311
Rent and leases	54,003	54,003	142,441
Impairment charge	39,966	39,966	-
Shrinkage and product losses	-42,638	-42,638	425,089
Loss on disposal of property, plant and equipment	5,786	5,786	7,583
Printing and stationery expenses	5,946	5,682	3,852
Director fees	-	-	2,600
Other expenses	2,970	2,970	4,485
	1,461,789	1,361,181	2,000,500
Contributions to pension fund scheme	16,541	14,826	15,720
Training, recruitment and canteen expenses	32,058	31,339	32,327
Medical expenses	11,779	9,011	6,980
Contract Manpower	113,729	113,036	105,575
Other personnel expenses	(5,197)	-5,512	3,885
	479,547	435,015	456,022
	Group	Company	
	31-Mar-21	31-Mar-21	31-Mar-20
		N'000	N'000
9b. Expenses by function			
Cost of sales (Note 7.1.2)	38,640,479	38,448,956	49,262,853
Selling, distribution expenses (Note 9a.1)	607,959	607,960	599,181
Administrative expenses (Note 9a.2)	1,461,789	1,361,181	2,000,500
	40,710,227	40,418,097	51,862,534

ARDOVA PLC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

10. Finance income and finance cost

	Group	Company	
	31-Mar-21	31-Mar-21 N'000	31-Mar-20 N'000
Finance income			
Interest income on bank deposits (Note 10.1)	10,326	10,326	23,077
Other interest income	712	712	84,929
Total Finance income	11,038	11,038	108,006

	Group	Company	
	31-Mar-21	31-Mar-21 N'000	31-Mar-20 N'000
Finance costs			
Interest on medium term bond	(136,642)	(136,642)	(250,034)
Interest expense on bank loans and overdrafts (Note 10.1)	(118,305)	(58,551)	(13,382)
Total Finance cost	(254,947)	(195,193)	(263,416)
Net finance costs	(243,909)	(184,155)	(155,410)

10.1. Interest income represents income earned on bank deposits while interest expense represents charges paid on trade finance, loans and overdraft facilities utilised during the period.

10.2. Other interest income.

	Group	Company	
	31-Mar-21	31-Mar-21 N'000	31-Mar-20 N'000
Interest income on bank credit balances and other interest income	712	712	-
	712	712	-

11. Taxation

a) Income tax expense

	Group	Company	
	31-Mar-21	31-Mar-21 N'000	31-Mar-20 N'000
Income tax	410,284	410,284	262,991
Education tax	31,171	31,171	6,218
Nigerian Police Trust Fund	60	60	29
Capital Gain	-	-	-
	441,515	441,515	269,238
Deferred tax (credit)/charge	(101,894)	(84,249)	(186,379)
Total income tax expense/(credit)	339,621	357,266	82,859

ARDOVA PLC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

	Group	Company	
	31-Mar-21	31-Mar-21 N'000	31-Dec-20 N'000
b) Effective tax rate			
Profit/(Loss) for the period	858,686	850,211	497,444
Profit before taxes	858,686	850,211	497,444
Income tax reported in the statement of profit or loss	339,621	357,266	82,859
Total income taxes	339,621	357,266	82,859
Profit before taxes	1,198,307	1,207,477	580,303
Effective tax rates	28%	30%	14%
c) Effective tax rate reconciliation			
The income tax charge for the year can be reconciled to the accounting profit as follows:			
Profit before taxes	1,198,307.00	1,207,478	580,303
Income tax expense at 30%	359,492.10	362,243	959,756
Effect of income exempt from taxation	(1,103,968)	(1,103,968)	(1,103,968)
Effect of expenses not deductible for taxation	1,193,521	1,193,521	1,193,521
Effect of capital allowance	(1,005,573)	(1,005,573)	(1,005,573)
Effect of balancing charge	629,586	629,586	629,586
Loss effect	-	-	-
Capital gains tax	-	-	-
Education tax	31,171	31,171	67,701
Underprovision/(Overprovision)	-	-	-
Minimum tax	410,284	410,284	1,088,474
The Nigerian Police Trust Fund	60	60	160
Deferred tax	(101,894)	(84,249)	(20,581)
Total income tax expense	339,621	357,266	1,135,754

The company income tax computation for the year ended 31 March 2021 was based on the provisions of the Company Income Tax Act Cap C21 LFN 2004 and Finance act 2020
Education tax was computed at the rate of 2% of assessable profit in accordance with the provisions of the Act.

	Group	Company	
	31-Mar-21	31-Mar-21 N'000	31-Dec-20 N'000
b) Movement in current tax liability balance			
Liability as at 1 January	1,175,592	1,175,592	976,632
Income tax for the period	441,515	441,515	1,156,335
Income tax adjustment	2,836	2,836	-
Payments during the year	-	-	(957,375)
Withholding tax utilised	-	-	-
	1,619,943	1,619,943	1,175,592

ARDOVA PLC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

	Group	Company	
	31-Mar-21	31-Mar-21	31-Mar-20
	N'000	N'000	N'000
12. Earnings per share			
Profit attributable to ordinary shareholders			
Profit attributable to ordinary shareholders	858,686	850,211	497,444
Profit attributable to ordinary shareholders	858,686	850,211	497,444
Weighted average number of ordinary shares			
Issued ordinary shares at 1 January *	1,310,629	1,310,629	1,310,629
Treasury shares	(5,599)	(5,599)	(5,599)
Weighted average number of ordinary shares	1,305,030	1,305,030	1,305,030
Basic/diluted earnings per share in (N)	0.66	0.65	0.38

The group's basic earnings per share of N0.87kobo (March 2020 : N0.38kobo) is based on the profit attributable to ordinary shareholders of N1,131,177,000 (March 2020 : N497,444,000) on the 1,305,030,180 (March 2020 : 1,305,030,180) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the current and same period of the preceding year.

Dilutive instruments

There were no dilutive instruments in the books of the Company for the period ended 31 March, 2021.

ARDOVA PLC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

13 Property, plant and equipment.

The Group

	Land N'000	Building N'000	Plant, Equipment and tanks N'000	Computer equipment N'000	Furniture & fittings N'000	Motor vehicles N'000	Construction work in progress N'000	Total N'000
Cost								
Balance at 1 January 2020	5,082,009	3,433,044	8,931,692	390,948	27,244	4,011,475	227,785	22,104,198
Additions	10,000	53,711	328,646	60,348	15,207	295,759	5,170,527	5,934,198
Transfer	-	221,805	-	-	-	-	(221,805)	-
Disposals	-	-	(80,313)	(166)	-	(2,264,531)	-	(2,345,010)
Balance at 31 December 2020	5,092,009	3,708,560	9,180,025	451,130	42,451	2,042,704	5,176,507	25,693,386
Additions	-	232,761	66,193	3,497	-	23,000	278,136	603,588
Transfer	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(34,264)	-	(34,264)
Balance at 31 March 2021	5,092,009	3,941,321	9,246,218	454,627	42,451	2,031,440	5,454,644	26,262,709
Depreciation and impairment losses								
Balance at 1 January 2020	444,646	1,771,330	6,404,111	348,660	26,972	1,995,076	-	10,990,795
Charge for the period	59,670	170,588	550,920	37,307	4,324	257,370	-	1,080,179
Disposals	-	-	(79,968)	(166)	(3,277)	(1,514,525)	-	(1,597,936)
Balance at 31 December 2020	504,316	1,941,918	6,875,063	385,801	28,019	737,921	-	10,473,038
Charge for the period	14,927	52,295	139,439	10,106	1,281	74,943	-	292,991
Disposals	-	-	-	-	-	(21,277)	-	(21,277)
Balance at 31 March 2021	519,243	1,994,213	7,014,502	395,907	29,300	791,587	-	10,744,752
Carrying amounts								
Balance at 1 January 2020	4,587,693	1,766,642	2,304,962	65,329	14,432	1,304,783	5,176,507	15,220,348
Balance at 31 March 2021	4,572,766	1,947,109	2,231,716	58,720	13,151	1,239,853	5,454,644	15,517,958

(a) Depreciation charge of N292,991,000 is included in administrative expenses in the statement of profit or loss and other comprehensive income.

ARDOVA PLC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

13. Property, plant and equipment.

The Company

	Land N'000	Building N'000	Plant, Equipment and tanks N'000	Computer equipment N'000	Furniture & fittings N'000	Motor vehicles N'000	Construction work in progress N'000	Total N'000
Cost								
Balance at 1 January 2020	5,082,009	3,433,044	8,931,692	390,948	27,244	4,011,475	227,785	22,104,198
Additions	10,000	53,711	328,646	54,213	11,843	295,759	119,500	873,672
Transfer	-	221,805	-	-	-	-	(221,805)	-
Disposals	-	-	(80,313)	(166)	-	(2,264,531)	-	(2,345,010)
Balance at 31 December 2020	5,092,009	3,708,560	9,180,025	444,995	39,087	2,042,703	125,480	20,632,860
Additions	-	232,761	66,193	3,497	-	23,000	-	325,451
Transfer	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(34,264)	-	(34,264)
Balance at 31 March 2021	5,092,009	3,941,321	9,246,218	448,492	39,087	2,031,439	125,480	20,924,047
Depreciation and impairment losses								
Balance at 1 January 2020	444,646	1,771,330	6,404,111	348,660	26,972	1,995,076	-	10,990,795
Charge for the period	59,670	170,588	550,920	37,114	3,988	257,370	-	1,079,650
Disposals	-	-	(79,968)	(166)	(3,277)	(1,514,525)	-	(1,597,936)
Balance at 31 December 2020	504,316	1,941,918	6,875,063	385,608	27,683	737,921	-	10,472,509
Charge for the period	14,927	52,295	139,439	9,594	1,113	74,943	-	292,311
Disposals	-	-	-	-	-	(21,277)	-	(21,277)
Balance at 31 March 2021	519,243	1,994,213	7,014,502	395,202	28,796	791,587	-	10,743,543
Carrying amounts								
Balance at 1 January 2020	4,637,363	1,661,714	2,527,581	42,288	272	2,016,399	227,785	11,113,403
Balance at 31 December 2020	4,587,693	1,766,642	2,304,962	59,387	11,404	1,304,782	125,480	10,160,351
Balance at 31 March 2021	4,572,766	1,947,109	2,231,716	53,290	10,291	1,239,853	125,480	10,180,504

(a) Depreciation charge of N292,311,000 (March 2020: N265,613,000) is included in administrative expenses in the statement of profit or loss and other comprehensive income.

(b) There was no impairment charge on property, plant and equipment during the period.

ARDOVA PLC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

	Group 31-Mar-21 N'000	Company 31-Dec-20 N'000
14. Right of use assets		
Lease property		
Cost		
Balance at 1 January 2020	1,939,502	1,939,502
Balance at 31 December 2020	2,473,543	2,473,543
Right of use under construction	10,500	10,500
Addition	10,412	10,412
Balance at 31 March 2021	<u>2,494,455</u>	<u>2,494,455</u>
Depreciation		
Balance at 1 January 2021	1,147,682	1,147,682
Charge for the period	76,140	76,140
Balance at 31 March 2021	<u>1,223,822</u>	<u>1,223,822</u>
Carrying amount		
Balance at 31 December 2020	1,325,861	1,325,861
Balance at 31 March 2021	<u>1,270,633</u>	<u>1,270,633</u>

(a) Additions to right of use assets during period was NO

(b) Depreciation charge of N76,140,000, is included in administrative expenses in the statement of profit or loss and other comprehensive income.

(c) The Company has leases for some of its retail outlet. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and no lease liability was recognised because the full lease payment for the leased periods was made to the lessor at the contract inception. Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Some leases contain where the lessee is desirous of renewing the lease, a written notice to that effect shall be sent to the

(d) No impairment charge on lease property during the period, 31 March 2021

(e) Right-of use asset	No of right-of use assets	Leased Range of remaining term	Average remaining lease term
Leased Property	89	5 - 25 years	15years
Amount recognised in (f) profit or loss			N'000
Short term lease			54,003
			<u>54,003</u>

ARDOVA PLC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

	Group 31-Mar-21 N'000	Company 31-Dec-20 N'000
15. Investment property		
Balance at 31 December 2020	<u>2,235,584</u>	<u>2,235,584</u>
Balance at 31 March 2021	2,235,584	2,235,584
Depreciation		
Balance at 1 January 2020	729,038	729,038
Charge for the year	25,449	25,449
Balance at 31 December 2020	<u>754,487</u>	<u>754,487</u>
Charge for the period	6,362	6,362
Balance at 31 March 2021	760,849	760,849
Carrying amount		
At 31 December 2020	<u>1,481,097</u>	<u>1,481,097</u>
Balance at 31 March 2021	1,474,735	1,474,735

- (a) Investment property comprises of a number of commercial properties that are leased to third parties. The lease year ranges between 1 - 5 years. Investment properties are carried at cost/deemed cost. The carrying amount of investment property is separated between lease hold land and buildings. Lease hold land is amortised over the lease year while building is depreciated on a straight line basis over the estimated useful life at 4% per annum.
- (b) During the year ended 31 March 2021 the Company recognised N18,404,000 (2020 : N52,221,000) as rental income in statement of profit or loss.
- (c) Depreciation charge of N6,362,000 (2020 : N6,362,000) is included in administrative expenses in the statement of profit or loss and other comprehensive income.

The fair value of the investment properties as at 31 October 2020 was N6,725,900,000. The fair valuation was carried out by Jide Taiwo & Co. (FRC2012/NIESV/000000254) and Ismail & Partners (FRC/2012/NIESV/0000000245). These valuations indicate upward movement in the market values of these properties compared to their carrying amounts, hence no indication of impairment for all investment properties. Directors are of the view that the fair value of these properties as at 31 December 2020 are not materially different from the values obtained at 31 October 2020 and have therefore not recognized

- (e) No impairment charge on investment properties during the period 31 March 2021

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

	Group	Company
	31-Mar-21	31-Mar-21
	N'000	N'000
16. Intangible assets		
Cost		
Balance at 1 January 2020	1,034,366	1,034,366
Acquisitions	-	-
Balance at 31 December 2020	1,034,366	1,034,366
Addition	-	-
Software under construction	5,860	-
Balance at 31 March 2021	1,040,226	1,034,366
Amortisation		
Balance at 1 January 2020	961,613	961,613
Charge for the year	35,046	35,046
Balance at 31 December 2020	996,659	996,659
Charge for the period	4,292	4,292
Balance at 31 March 2021	1,000,951	1,000,951
Carrying amounts		
Balance at 31 December 2020	37,707	37,707
Balance at 31 March 2021	39,275	33,415

(a) These relate to purchased softwares.

(b) The amortisation charge on intangible assets of N4,292,000 (March 2020 : N17,239,000) is included in administrative expenses in the statement of profit or loss.

(c) No impairment charge on intangible assets during the period.

17 This balance (N4,591) represents the non current portion of receivables from Hire purchase trucks as at 31st December 2020

	31-Mar-21	31-Mar-21
	N'000	N'000
18. Investment in Mobile Power	50,890	50,890
This amount represent the cost till date incurred to set up Mobile Power Limited in Nigeria		

19. **Investment in subsidiary**

	Company
	Amount
	N'000
31 March 2021	
Equity:	
Axles and Cartage Limited	1,000
Impairment allowance	
Total investment in subsidiaries	

The consolidated financial statements include the financial statements of Ardova Plc and its subsidiary; Axles and Cartage Limited

ARDOVA PLC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

20a. The Group

i) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Property, plant and equipment

Trade receivables

Other receivables

Foreign Exchange Movement

Other liabilities

Tax losses carried forward

	Assets	Liabilities	Net
	2021	2021	2021
	N'000	N'000	N'000
	-	1,178,622	(1,178,622)
	437,749	-	437,749
	175,236	-	175,236
	(9,722)	-	(9,722)
	-	-	-
	105,270	-	105,270
	708,533	1,178,622	(470,089)

ii) Movement in temporary differences during the period

Property, plant and equipment

Trade receivables

Other receivables

Foreign Exchange Movement

Other liabilities

Tax losses carried forward

	Balance January- 2021	Recognized in profit or loss	Effect of forex flunctuations	Recognized in other comprehensive income	Balance March-2021
	N'000	N'000	N'000	N'000	N'000
	(1,211,164)	32,542	-	-	(1,178,622)
	371,313	66,436	-	-	437,749
	191,369	(16,133)	-	-	175,236
	(11,393)	1,671	-	-	(9,722)
	-	-	-	-	-
	87,891	17,379	-	-	105,270
	(571,983)	101,894	-	-	(470,089)

ARDOVA PLC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

	Assets		Liabilities		Net	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000	2021 N'000	2020 N'000
20b. The Company						
i) Recognised deferred tax assets and liabilities						
Deferred tax assets and liabilities are attributable to the following:						
Property, plant and equipment	-	-	1,179,169	1,211,507	(1,179,169)	(1,211,507)
Trade receivables	437,749	371,313	-	-	437,749	371,313
Other receivables	175,236	191,369	-	-	175,236	191,369
Foreign Exchange Movement	(9,784)	(11,393)	-	-	(9,784)	(11,393)
Other liabilities	-	-	-	-	-	-
	603,201	551,290	1,179,169	1,211,507	(575,968)	(660,217)

	Balance January- 2021 N'000	Recognized in profit or loss N'000	Effect of forex flunctuations N'000	Recognized in other comprehensive income N'000	Balance March- 2020 N'000
ii) Movement in temporary differences during the period					
Property, plant and equipment	(1,211,507)	32,338	-	-	(1,179,169)
Trade receivables	371,313	66,436	-	-	437,749
Other receivables	191,369	(16,133)	-	-	175,236
Foreign Exchange Movement	(11,393)	1,609	-	-	(9,784)
Other liabilities	-	-	-	-	-
	(660,217)	84,249	-	-	(575,968)

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

	Group	Company	
	31-Mar-21	31-Mar-21 N'000	31-Dec-20 N'000
21. Inventories			
White products	3,400,223	3,400,223	10,241,902
Raw materials	6,763,948	6,763,948	2,004,848
Packaging materials	168,143	168,143	152,604
Semi-finished goods of lubricants	79,611	73,893	108,033
Finished goods of lubricants	1,993,118	1,993,118	1,752,419
Inventory -Solar System	40,931	40,931	44,710
Consumables (Note 20.2)	247,337	202,104	231,198
	12,693,311	12,642,360	14,535,714

21.1 During the period, N38,151,000 (March 2020 : N49,262,853,000) of inventory was sold and recognised as cost of sales in the statement of profit or loss.

21.2 Consumables include spare parts for retail outlets, equipment maintenance and stationery for office use.

	Group	Company	
	31-Mar-21	31-Mar-21 N'000	31-Dec-20 N'000
22. Trade receivables			
Trade receivables (Note 22.1)	3,780,320	3,780,320	4,706,538
	3,780,320	3,780,320	4,706,538

	Group	Company	
	31-Mar-21	31-Mar-21 N'000	31-Dec-20 N'000
22a Other receivables			
Notes receivable (Note 22.3)	4,120,697	4,120,697	4,120,697
Advance payment to suppliers	20,868,049	20,277,712	17,604,184
Trucks on Hire purchase Receivable (Note 22.4)	415,157	415,157	562,755
Petroleum Equalisation Fund (PEF) payable (Note 22.7)	1,911,869	1,911,869	686,232
	29,016,368	31,628,596	28,000,104
Impairment allowance (Note 22.6)	(1,915,576)	(1,915,576)	(1,875,609)
	27,100,792	29,713,020	26,124,495

	Group	Company	
	31-Mar-21	31-Mar-21 N'000	31-Dec-20 N'000
22b Prepayments			
Prepayments	587,120	539,211	247,097
Prepaid staff expenses	195,337	186,416	192,455
	782,457	725,627	439,552
Trade and other receivables Notes (a+b)	31,663,569	34,218,967	31,270,585

22.1 The Company carries out periodic review and financial assessment of customers before products are supplied on credit. Credit customers are categorised according to the determined default risk rating. High risk customers are required to provide bank guarantees for credit sales. The Credit Committee assesses the status of all credit customers periodically. See Note 3.6 (Impairment) and Note 5 (Financial Risk Management).

22.2 This balance relates to outstanding subsidy receivable from Petroleum Products Pricing Regulatory Agency (PPPRA) which represents interest on delayed payments and foreign exchange differential claims under the PSF scheme recoverable from PPPRA on PMS imported by Ardova Plc. The foreign exchange differential represents differences between the rate used by PPPRA in pricing Power Motor Spirit (PMS) and the actual rates the foreign exchange in respect of these products importation were purchased. Promissory notes were issued to the oil marketers as part settlement of these outstanding in December, 2018, July, 2019 and April, 2020.

22.3 This balance represents promissory notes received from the Federal Government for outstanding subsidy. Maturity of the notes are March 2023 and March 2024.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

22.4 This balance represents the current portion of receivables from Hire purchase trucks.

	Group	Company	
	31-Mar-21 N'000	31-Mar-21 N'000	31-Dec-20 N'000
Other receivables			
Related Party receivables - Axles and cartage	-	3,309,662	3,423,428
Related Party receivables - Prudent Energy	14,385	-	-
Other debtors	1,613,153	1,520,441	1,545,881
	1,627,538	4,830,103	4,969,309

	Group	Company	
	31-Mar-21 N'000	31-Mar-21 N'000	31-Dec-20 N'000
22.6. Impairment allowance			
At 1 January	1,875,610	1,875,610	2,352,854
Increase during the period	39,966	39,966	39,468
Allowance no longer required	-	-	(516,712)
	1,915,576	1,915,576	1,875,610

22.7 This balance relates to bridging allowance net of bridging claims due to Petroleum Equalisation Fund (PEF). Bridging claims, raised against the Federal Government of Nigeria, are costs incurred in transporting white products (excluding deregulated products) from specific PPMC depots to approved areas. Bridging allowances are compulsory contributions on each litre of white product lifted, to assist the Federal Government defray costs arising from bridging claims. Bridging claims are usually set off against bridging allowances to establish the net amount due to, or from the PEF, an organ of the Federal Government of Nigeria responsible for managing the process.

	Group	Company	
	31-Mar-21 N'000	31-Mar-21 N'000	31-Dec-20 N'000
23. Restricted cash*			
	89,190	89,190	30,127

This represents cash set aside and held with the bank in conformity with the bond agreement. It is used solely for the repayment of the bond liability and not for any operational needs.

	Group	Company	
	31-Mar-21 N'000	31-Mar-21 N'000	31-Dec-20 N'000
24. Cash and cash equivalents			
Bank balances	1,061,499	1,054,233	2,316,867
Short-term deposits (Note 24.1)	685,864	685,864	676,620
Cash and bank balances	1,747,363	1,740,097	2,993,487
Bank overdrafts used for cash management purposes (Note 24.2)	(1,832,535)	(1,048,433)	(3,546,574)
Cash and cash equivalents in the statement of cash flows	(85,172)	691,664	(553,087)

24.1 Bank balances and short term deposits with banks represent placements with banks for period between 0 - 180 days. Included in these are unclaimed dividends amounting to N601,458,000 (Dec 2020 : N602,270,000) held in a separate bank account in accordance with the guidelines of the Security and Exchange Commission (SEC). The unclaimed dividend deposit is restricted for use by the Company.

24.2 This represents the overdrawn current account balances with four Nigerian banks. These facilities have an average interest rate of 10.75%.

	Group	Company	
	31-Mar-21 N'000	31-Mar-21 N'000	31-Dec-20 N'000
26. Share capital and reserves			
Ordinary shares			
a) Authorised ordinary shares:			
4,000,000,000 ordinary shares of 50k each	2,000,000	2,000,000	2,000,000

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

b) Issued and fully paid ordinary shares of 50k each

1,310,629,267 ordinary share of 50k each

655,314	655,314	655,314
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Group	Company	
31-Mar-21	31-Mar-21	31-Dec-20
	Units	Units

c) Shares outstanding

Issued ordinary shares at 1 January

Treasury shares

Number of ordinary shares

1,310,629	1,310,629	1,310,629
(5,599)	(5,599)	(5,599)
1,305,030	1,305,030	1,305,030

**These are in thousand units.*

Group	Company	
31-Mar-21	31-Mar-21	31-Dec-20
	N'000	N'000

d) Share premium

8,071,943	8,071,943	8,071,943
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e) Other reserves

Other reserves represent the carried forward, other comprehensive income and expenses plus current period other comprehensive income attributable to shareholders.

Group	Company	
31-Mar-21	31-Mar-21	31-Dec-20
	N'000	N'000

f) Retained earnings

Retained earnings represent the carried forward recognised income net of expenses plus current period income attributable to shareholders.

Balance at 1 January

Adjustment

Profit for the period

Dividend paid

8,829,683	8,829,683	6,418,039
-	-	(2,711)
858,686	850,211	3,915,140
-	-	(1,500,785)
9,688,369	9,679,894	8,829,683

g) Treasury stocks

This represents 5,599,087 units (at the market value of N248 as at the date of the transfer) of the company's existing shares transferred to Ardova Plc to enable the Company recover the dividend and interest received on unpaid shares in 2009 by a shareholder. These shares were seized by the company on the ruling of the Security and Exchange Commission (SEC). The shareholders at the 37th Annual General Meeting held on the 26th of April, 2016 approved the re-issue of these shares to existing shareholders of the company on a pari passu basis at the market price of N300 per share.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

28. Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group	Company	
	31-Mar-21	31-Mar-21 N'000	31-Dec-20 N'000
Current			
Loans and borrowings (28.3)	2,284,258	-	-
	2,284,258	-	-
Medium term bond (28.1)	2,984,405	2,984,405	2,847,762
	5,268,663	2,984,405	2,847,762
28.1 Loan movement			
At 1 January	5,137,389	2,847,762	5,212,189
Addition	-	-	-
Interest cost for the year	254,947	136,642	857,557
Repayment	(123,673)	(3,221,984)	(3,221,984)
At 31 December	5,268,663	(237,580)	2,847,762

28.2 In December 2016, The company issued N9billion unsecured corporate bond for a 5year tenor and at a coupon and effective interest rate of 17.5% and 19.43% respectively.

The net proceeds were used to refinance existing commercial bank loan obligations and to immediately finance the company's retail outlet expansion strategy.

The restriction to the bonds issued are as follows but not limited to below:-

- a** give prior notice to the Trustees of any proposed redemption and, if it shall have given Notice to the Bondholders of its intention to redeem any Bonds, duly proceed to redeem such Bonds accordingly.
 - b** not (and ensure that none of its Subsidiaries shall) without the consent of the Bondholders and Trustees:
 - bi** incur any Indebtedness above the sum of Five Billion Naira (N5,000,000,000);
 - bii** dispose any of its assets above the sum of Five Billion Naira (N5,000,000,000);
 - c** give to the Trustees and Bondholders a Notice prior to the acquisition of any company/business/assets where the cost of such acquisition when aggregated with the cost of any other acquisition of any company/business/assets by the Issuer during the financial year of the proposed acquisition exceeds the total sum of Five Billion Naira (N5,000,000,000)
- Borrowings are initially measured at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the year of the borrowings using the effective interest method. The carrying values of borrowings approximate their fair value.

28.3 Loans and borrowings

This represents term loan from Stanbic IBTC to finance the operation of Axles and Cartage

29. Trade and other payables

	Group	Company	
	31-Mar-21	31-Mar-21 N'000	31-Dec-20 N'000
Current trade and other payables			
Trade payable			
NNPC accounts payable	1,095,260	1,095,260	2,790,427
Trade creditors	8,292,176	8,287,936	9,063,042
Inventory accruals (Note 29.2)	19,862,526	19,822,185	15,886,397
Customer deposits for products	2,740,110	2,739,479	3,639,848
	31,990,072	31,944,860	31,379,714
Non-trade payables and other creditors (Note 29.3)	4,485,739	4,451,203	4,054,793
Total Trade and other payables	36,475,811	36,396,063	35,434,507

29.1 This balance relates to bridging allowance net of bridging claims due to Petroleum Equalisation Fund (PEF). Bridging claims, raised against the Federal Government of Nigeria, are costs incurred in transporting white products (excluding deregulated products) from specific PPMC depots to approved areas. Bridging allowances are compulsory contributions on each litre of white product lifted, to assist the Federal Government defray costs arising from bridging claims. Bridging claims are usually set off against bridging allowances to establish the net amount due to, or from the PEF, an organ of the Federal Government of Nigeria responsible for managing the process.

29.2 Inventory accrual accounts includes liability accrued for product and associated costs. This account holds accruals for value of goods received pending receipt of supplier's invoices.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

29.3 This consists of unclaimed dividends, statutory payables such as; withholding tax liabilities, VAT, PAYE, NSITF, and other payables such as; transporters freight account, rents received in advance and security deposits.

	Group	Company	
	31-Mar-21	31-Mar-21	31-Dec-20
	N'000	N'000	N'000
Non-trade payables and other creditors			
Unclaimed dividend	601,458	601,458	602,270
Statutory payables (VAT, WHT etc.)	1,578,232	1,543,815	787,689
Other payables	1,937,337	1,937,219	2,296,121
Security deposits	368,712	368,712	368,712
	4,485,739	4,451,206	4,054,792