ARDOVA PLC

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

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ARDOVA PLC

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021

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Q2 2021 (30 June 2021) FINANCIAL HIGHLIGHTS

	Group		Company	
	30-Jun-21	30-Jun-20	**30-Jun-21**	30-Jun-20
	₦'000	₦'000	**₦'000**	₦'000
Revenue	**86,770,287**	87,313,516	**85,956,448**	87,313,516
Cost of sales	**(79,401,541)**	(81,965,241)	**(78,908,719)**	(81,965,241)
Gross profit	**7,368,746**	5,348,275	**7,047,729**	5,348,275
Profit before income tax	**2,614,602**	1,171,390	**2,682,081**	1,171,390
Income tax expense	**(833,344)**	(159,023)	**(833,344)**	(159,023)
Profit after tax	**1,781,258**	1,012,368	**1,848,737**	1,012,367
Net assets	**71,634,098**	62,442,701	**67,915,581**	62,442,701
Retained earnings	**12,219,890**	10,893,117	**12,492,834**	10,893,117

Statement of Directors' responsibilities

For the preparation and approval of the interim financial statements

The Directors of Ardova Plc accept responsibility for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 30 June 2021 and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, and the Financial Reporting Council of Nigeria Act, 2011.

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

· Properly selecting and applying accounting policies
· Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
· Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

Going Concern:
· Designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

Certification of financial statements
In accordance with section 405 of the Companies and Allied Act of Nigeria, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the

(i) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and

(ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for, the periods covered by the audited financial statements;

We state that management and directors:
(i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company is made known to the officer by other officers of the company ,

(ii) has evaluated the effectiveness of the company's internal controls within 90 days prior to the date of this financial statements, and

(iii) certifies that company's internal controls are effective as of that date;

We have disclosed:
(i) all significant deficiencies in the design or operation of internal controls which could adversely affect the company's ability to record, process, summarise and report financial data, and has identified for the company's auditors any material weaknesses in internal controls, and

(ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the company's internal control; and

(d) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The consolidated financial statements of the Company for the period ended 30 June 2021 were approved by the directors on 29 July 2021.

Olumide Adeosun	**Moshood Olajide**
Chief Executive Officer (CEO)	**Chief Financial Officer (CFO)**
FRC/2020/003/00000020356	**FRC/2018/MULTI/00000017818**
29 July 2021	29 July 2021

ARDOVA PLC

INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2021

		Group		Company	
		30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
	Notes	**₦'000**	N'000	**₦'000**	₦'000
Revenue	**7.1.1.**	**86,770,287**	87,313,516	**85,956,448**	87,313,516
Cost of sales	**7.1.2.**	**(79,401,541)**	(81,965,241)	**(78,908,719)**	(81,965,241)
Gross profit		**7,368,746**	5,348,275	**7,047,729**	5,348,275
Distribution expenses	**9a.1.**	**(1,268,127)**	(1,029,081)	**(1,268,127)**	(1,029,081)
Administrative expenses	**9a.2.**	**(3,493,310)**	(3,289,550)	**(3,237,867)**	(3,289,550)
Net impairment reversal/(losses) on financial assets	**22.5**	**40,678**	(111,366)	**40,678**	(111,366)
Operating profit		**2,647,987**	918,278	**2,582,413**	918,278
Finance income	**10.**	**21,849**	150,622	**21,849**	150,622
Other income	**8.**	**433,797**	604,842	**426,171**	604,842
Finance cost	**10.**	**(489,031)**	(502,352)	**(348,352)**	(502,352)
Profit before income tax		**2,614,602**	1,171,390	**2,682,081**	**1,171,390**
Income tax expense	**11.**	**(833,344)**	(159,023)	**(833,344)**	(159,023)
Profit for the period		**1,781,258**	1,012,367	**1,848,737**	1,012,367
Other Comprehensive Income:		**-**	-	**-**	-
Total comprehensive income		**1,781,258**	1,012,367	**1,848,737**	1,012,367
Earnings per share					
Basic/diluted in (₦)	**12.**	**1.36**	0.78	**1.42**	0.78

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

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INTERIM STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2021

	Note	Group		Company	
		30-Jun-21	31-Dec-20	**30-Jun-21**	31-Dec-20
		₦'000	₦'000	**₦'000**	₦'000
Assets					
Non-current assets					
Property, plant and equipment	**13.**	**16,614,709**	15,220,348	**10,525,962**	10,160,351
Right of use assets	**14.**	**1,266,183**	1,325,861	**1,266,183**	1,325,861
Investment property	**15.**	**1,468,373**	1,481,097	**1,468,373**	1,481,097
Intangible assets	**16.**	**86,317**	43,567	**80,457**	37,707
Trucks on Hire purchase receivables	**17.**	**-**	4,591	**-**	4,591
Investment in Mobile Power	**18.1**	**50,890**	50,890	**50,890**	50,890
Investment in Axles and Cartage	**19**	**-**	-	**1,000**	1,000
Deferred tax assets	**20b.**	**663,776**	639,181	**575,542**	551,290
Total non-current assets		**20,150,249**	18,765,535	**13,968,407**	13,612,787
Current assets					
Inventories	**21.**	**14,026,122**	14,553,608	**13,909,862**	14,535,714
Trade and other receivables	**22a**	**34,593,545**	28,490,908	**37,510,095**	31,270,585
Restricted cash	**23.**	**19,765**	30,127	**19,765**	30,127
Cash and cash equivalents	**24.**	**2,844,418**	3,006,283	**2,507,452**	2,993,487
Total current assets		**51,483,849**	46,080,926	**53,947,174**	48,829,913
Total assets		**71,634,098**	64,846,460	**67,915,581**	62,442,701
Equity					
Share capital	**25.**	**655,314**	655,314	**655,314**	655,314
Share premium	**25.**	**8,071,943**	8,071,943	**8,071,943**	8,071,943
Other reserves	**25.**	**(5,041)**	(5,041)	**(5,041)**	(5,041)
Retained earnings	**25.**	**12,219,890**	10,687,652	**12,492,834**	10,893,117
Total equity attributable to equity holders of the Company		**20,942,107**	19,409,868	**21,215,051**	19,615,333
Treasury stock	**25.**	**(1,388,574)**	(1,388,574)	**(1,388,574)**	(1,388,574)
Non controlling interests	**25.**			**-**	-
Total equity		**19,553,533**	18,021,294	**19,826,477**	18,226,759
Liabilities					
Non-current liabilities					
Deferred tax liabilities	**20b.**	**1,087,446**	1,211,164	**1,087,446**	1,211,507
Total non-current liabilities		**1,087,446**	1,211,164	**1,087,446**	1,211,507
Current liabilities					
Trade and other payables	**28.**	**37,026,775**	35,481,426	**36,910,082**	35,434,507
Current income tax liabilities	**11.**	**1,638,853**	1,175,592	**1,638,853**	1,175,592
Medium term bond	**26.**	**1,490,019**	2,847,762	**1,490,019**	2,847,762
Loans and borrowings	**26.**	**3,874,768**	2,289,627	**-**	-
Bank overdraft	**24.**	**6,962,704**	3,819,595	**6,962,704**	3,546,574
Total current liabilities		**50,993,119**	45,614,002	**47,001,658**	43,004,435
Total liabilities		**52,080,565**	46,825,166	**48,089,104**	44,215,942
Total equity and liabilities		**71,634,098**	64,846,460	**67,915,581**	62,442,701

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

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

Olajide

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 30 JUNE 2021

Statement of changes in equity (Company)

Attributable to equity holders of the Company

	Share capital ₦'000	Share premium ₦'000	Reserves ₦'000	Retained earnings ₦'000	Total ₦'000	Treasury shares ₦'000	Total equity ₦'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	-	-	-	1,848,737	1,848,737	-	**1,848,737**
Dividend Paid	-	-	-	(249,020)	(249,020)	-	**(249,020)**
Balance at 30 June 2021	**655,314**	**8,071,943**	**(5,041)**	**12,492,834**	**21,215,051**	**(1,388,574)**	**19,826,477**

Consolidated statement of changes in equity

Attributable to equity holders - The Group

	Share capital N'000	Share premium ₦'000	Reserves ₦'000	Retained earnings ₦'000	Total ₦'000	Treasury shares ₦'000	Total equity ₦'000
Balance at 1 January 2021	**655,314**	**8,071,943**	**(5,041)**	**10,687,652**	**19,409,868**	**(1,388,574)**	**18,021,294**
Changes in equity for 2021:							
Profit for the period	-	-	-	1,781,258	1,781,258	-	**1,781,258**
Dividend paid	-	-	-	(249,020)	(249,020)	-	**(249,020)**
Balance at 30 June 2021	**655,314**	**8,071,943**	**(5,041)**	**12,219,890**	**20,942,107**	**(1,388,574)**	**19,553,533**

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 30 JUNE 2021

Statement of changes in equity (Company)

Attributable to equity holders of the Company

	Share capital ₦'000	Share premium ₦'000	Reserves ₦'000	Retained earnings ₦'000	Total ₦'000	Treasury shares ₦'000	Total equity ₦'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	-	-	-	1,012,367	1,012,367	-	**1,012,367**
Balance at 30 June 2020	**655,314**	**8,071,943**	**(5,041)**	**9,842,050**	**18,564,266**	**(1,388,574)**	**17,175,692**

Consolidated statement of changes in equity

Attributable to equity holders - The Group

	Share capital ₦'000	Share premium ₦'000	Reserves ₦'000	Retained earnings ₦'000	Total ₦'000	Treasury shares ₦'000	Total equity ₦'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 June 2020:							
Profit for the year	-	-	-	1,781,258	1,781,258	-	**1,781,258**
Balance at 30 June 2020	**655,314**	**8,071,943**	**(5,041)**	**10,610,941**	**19,333,157**	**(1,388,574)**	**17,944,583**

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 30 JUNE 2021

	Notes	Group		Company	
		30-Jun-21	30-Jun-21	**30-Jun-21**	30-Jun-20
		₦'000	₦'000	**₦'000**	₦'000
Cash flows from operating activities					
Profit for the year		**1,781,258**	1,012,367	**1,848,737**	1,012,367
Adjustment for:					
Depreciation of property, plant and equipment	**13.**	**600,536**	530,884	**598,075**	530,884
Amortisation of Right of use assets	**14.**	**155,895**	188,007	**155,895**	188,007
Depreciation of investment property	**15.**	**12,724**	12,724	**12,724**	12,724
Amortization of intangible asset	**16.**	**13,250**	26,023	**13,250**	26,023
Provision no longer required	**27.**	**-**	(371)	**-**	(371)
Profit on disposal of property, plant and equipment	**13.**	**(31,077)**	(269,714)	**(31,077)**	(269,714)
Impairment allowances	**22.5**	**(40,678)**	111,366	**(40,678)**	111,366
Finance income	**10.**	**(21,849)**	(150,622)	**(21,849)**	(150,622)
Finance cost on loans and borrowings	**10.**	**489,031**	502,352	**348,352**	502,352
Income tax expense	**11.**	**833,344**	159,023	**833,344**	159,023
		3,792,434	2,122,039	**3,716,773**	2,122,039
Changes in:					
Inventories	**21.**	**527,589**	3,637,847	**625,844**	3,637,847
Trade and other receivables	**22a**	**(6,282,451)**	(2,647,743)	**(6,194,240)**	(2,647,743)
Trade and other payables	**28.**	**1,770,428**	(3,564,686)	**1,475,575**	(3,564,686)
Cash generated from operating activities		**(191,999)**	(452,543)	**(376,048)**	(452,543)
Employee benefit paid	**27.**	**-**	(262,531)	**-**	(262,531)
Interest paid on overdraft		**(95,103)**	(18,800)	**(95,103)**	(18,800)
Income taxes paid		**(518,395)**	(215,000)	**(518,395)**	(215,000)
Net cash generated from operating activities		**(805,498)**	(948,874)	**(989,546)**	(948,874)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment	**13,8.**	**45,205**	317,418	**45,205**	317,418
Acquisition of property, plant and equipment	**13.**	**(2,009,026)**	(162,974)	**(977,814)**	(162,974)
Acquisition of ROU Asset	**14.**	**(96,217)**	(17,777)	**(96,217)**	(17,777)
Acquisition of Intangible Assets	**16.**	**(56,000)**	-	**(56,000)**	-
Return on planned assets reinvested	**27.**	**-**	(32,563)	**-**	(32,563)
Interest received	**10.**	**21,849**	150,622	**21,849**	150,622
Net cash generated from investing activities		**(2,094,189)**	254,726	**(1,062,977)**	254,726
Cash flows from financing activities					
Loan and borrowings-Bond	**26.**	**(1,503,832)**	(1,127,440)	**(1,357,743)**	(1,127,440)
Additional loan drawn down	**27.1**	**1,590,551**	-	**-**	-
Dividend paid	**25.**	**(249,020)**	-	**(249,020)**	-
Interest paid on medium term bond	**27.1**	**(253,249)**	(483,552)	**(253,249)**	(483,552)
Net cash used in financing activities		**(415,549)**	(1,610,992)	**(1,860,012)**	(1,610,992)
Net increase in cash and cash equivalents		**(3,315,336)**	(2,305,140)	**(3,912,527)**	(2,305,140)
Restricted cash	**23.**	**10,362**	(433)	**10,362**	(433)
Cash and cash equivalents as at 1 January		**(813,313)**	1,867,487	**(553,087)**	1,867,487
Cash and cash equivalents at the end of period.	**24.**	**(4,118,286)**	(438,087)	**(4,455,252)**	(438,087)

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021

1. Corporate Structure and business

Ardova Plc ('Ardova' 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 Ardova 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.Axles and Cartage Limited commenced operations in August 2020.

2 Significant changes in the current reporting period

The Company is currently in the final process of completing the acquisition of ENYO Retail and Supply (ERS) Limited. ENYO is a Nigerian Company with operations/activities in the downstream oil sector of Nigeria. ENYO is a fuel retail brand.

Other than the above, no significant events or conditions (that affect the financial performance and financial position as of 30 June 2021) have arisen since the last reporting period (Q1) which requires separate disclosures in the notes to the financial statements.

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

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 Ardova and its subsidiary.

3.2 Basis of preparation

i) Compliance with IFRS

The consolidated financial statements of the Group for the period ended 30 June 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 2020 ("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.

3.3 New amendments and interpretations issued and effective 2021.

a. 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 April 2021. Earlier application is permitted, including in financial statements not yet authorised for issue at 28 May 2020.

b. Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 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.

3.4 New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for June 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.

- Reference to the Conceptual Framework (Amendments to IFRS 3) effective from annual reporting periods beginning on or after 1 January 2022
- IAS 16 as "Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)" - Effective date for annual periods beginning on or after 1 January 2022

- Definition of Accounting Estimates (Amendments to IAS 8) which is effective from Annual reporting periods beginning on or after 1 January 2023

- Amendments to IAS 37 Onerous Contracts - Costs of Fulfilling a Contract - Effective date for annual periods beginning on or after 1 January 2022

- Reference to the Conceptual Framework (Amendments to IFRS 3) effective from annual reporting periods beginning on or after 1 January 2022

- Annual Improvements to IFRS Standards 2018–2020

3.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 30 June 2021.

Non-controlling 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 30 June 2021. 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.

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:

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 30 June 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.

(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.

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.

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.

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.a 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 term
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.

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 on both investment property and, propert, plant and equipment (PPE) are recognised as other income 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.

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

3.15.1a 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.

3.15.1b 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.

In accordance with Companies and Allied Matters Act of Nigeria, CAMA 2020 S429.–

(1) Where dividends paid by a company remain unclaimed, the company shall publish in two national newspapers, a list of the unclaimed dividends and the names of the persons entitled to the dividends, and attach the list, as published in the national newspapers, to the notice that is sent to the members of the company for each subsequent annual general meeting of the company.

(2) After the expiration of three months of the publication and notice referred to in subsection (1), the company may invest the unclaimed dividend for its own benefit in investments outside the company and no interest shall accrue on the dividends against the company.

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

3.21 Inventories

Inventories are measured at the lower of cost and net realisable value. The production costs comprise direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories 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 Company uses a perpetual inventory system. Under this system, the inventory accounts, goods-in-transit and cost of sales are updated immediately as transactions occur.

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

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 annualy. Other intangible assets are amortised from the date they are available for use. The estimated useful live for the current and comparative year is:

Software costs - 3 to 8 years
Useful life is reviewed annually and changed 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.

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 a minimum of 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. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

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, when the possibility of an outflow is remote, the contingent liability is neither disclosed nor recognised.

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. Contigent 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 only subsidiary as at 30 June 2021 is Axle and Cartage Ltd. The share capital consists solely of ordinary shares that are held directly by the parent company (Ardova Plc), and the proportion of ownership interests held equals the voting rights held by the parent company.

The principal activity of Axles and Cartage Ltd is the provision of haulage services. The country of incorporation/registration and the principal place of business of the Axles and Cartage Ltd 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 Company applies the requirements of IAS 24 for the purpose of identifying related party relationships and dislosing related party transactions/balances.

A related party is a person or entity that is related to the entity that is preparing its financial statements:
a)A person or a close member of that person's family is related to a reporting entity if that person:
(i)has control or joint control of the reporting entity;
(ii)has significant influence over the reporting entity; or
(iii)is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b)An entity is related to a reporting entity if any of the following conditions applies:
(i)The entity and the reporting entity are members of the same group.
(ii)One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv)One entity is a joint venture of a third entity, and the other entity is an associate of the third entity.
(v)The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi)The entity is controlled or jointly controlled by a person identified in (a).
(vii)A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii)The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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.

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. Jugement 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.

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.

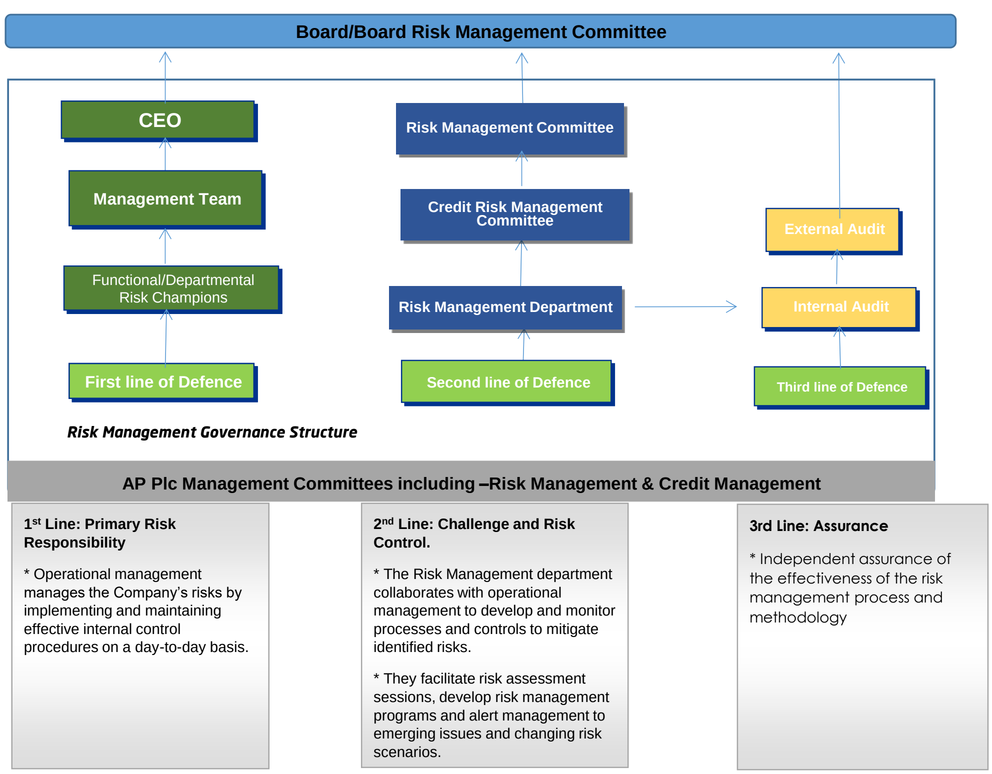
Corporate Governance and Remuneration Committee
The Corporate Governance and Remuneration Committee assists the Board in fulfilling its responsibilities in relation to Corporate Governance & remuneration matters. It ensures the Company meets all legal and regulatory requirements for business operations, 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.

Risk Management Structure & Governance



Risk Management Governance Structure

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

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 30 June reconcile to the opening balances as follows:

	Group		Company	
	Trade receivables	Other receivables	Trade receivables	Other receivables
	N'000	N'000	N'000	N'000
Gross carrying amount as at 1 January 2021	*4,706,538*	*10,395,920*	*4,706,538*	*10,395,920*
Financial assets derecognised	-	-	-	-
New financial assets originated	*550,159*	*(1,130,346)*	*535,055*	*2,469,693*
Gross carrying amount as at 30 June 2021	5,256,697	9,265,574	5,241,593	12,865,613

Reconciliation of impairment loss on financial assets

The loss allowances for financial assets as at 30 June reconcile to the opening loss allowances as follows:

	Group		Company	
	Trade receivables	Other receivables	Trade receivables	Other receivables
	N'000	N'000	N'000	N'000
Opening loss allowance as at 1 January 2021	*1,237,712*	*637,898*	*1,237,712*	*637,898*
Increase in loan loss allowance recognised in P/L during the year	-	-	-	-
Receivables written off during the year as uncollectible				-
Unused amount reversed	*(26,739)*	*(13,939)*	*(26,739)*	*(13,939)*
Closing loss allowance at 30 June 2021	1,210,973	623,959	1,210,973	623,959

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:

	Group 30-Jun-21 N'000
Trade and other receivables (Note 22)	**34,593,545**
Cash and cash equivalents (Note 24)	**2,844,418**
	37,437,962

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

	Company 30-Jun-21 N'000	31-Dec-20 N'000
Trade and other receivables (Note 22)	**37,510,093**	31,270,584
Cash and cash equivalents (Note 24)	**2,507,452**	2,993,487
	40,017,545	34,264,071

6. 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:

The Group

	Gross 30-Jun-21 N'000	Loss rate 30-Jun-21 %	Impairment 30-Jun-21 N'000
0-2 months	**3,837,958**	**0.23%**	**3,328**
2-3 months	**223,890**	**10%**	**22,389**
3-6 months	**11,020**	**25%**	**2,755**
6-12 months	**2,656**	**50%**	**1,328**
More than 12 months	**1,181,173**	**100%**	**1,181,173**
	5,256,697		**1,210,973**

Other Receivables

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

	Gross 30-Jun-21 N'000	Loss rate 30-Jun-21 %	Impairment 30-Jun-21 N'000
0-2 months	**25,227,679**	**-**	**-**
2-3 months	**46,150**	**-**	**-**
3-6 months	**-**	**-**	**-**
6-12 months	**7,711,135**	**-**	**-**
More than 12 months	**623,958**	**100%**	**623,958**
	33,608,922		**623,958**

Trade Receivables

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

The Company

	Gross 30-Jun-21 N'000	Loss rate 30-Jun-21 %	Impairment 30-Jun-21 N'000	Gross 31-Dec-20 N'000	Loss rate 31-Dec-20 %	Impairment 31-Dec-20 N'000
0-2 months	**3,822,854**	**0.23%**	**3,328**	2,882,100	0.10%	993
2-3 months	**223,890**	**10%**	**22,389**	181,669	10%	7,150
3-6 months	**11,020**	**25%**	**2,755**	30,455	25%	4,548
6-12 months	**2,656**	**50%**	**1,328**	29,162	50%	14,422
More than 12 months	**1,181,173**	**100%**	**1,181,173**	1,583,152	100%	1,210,601
	5,241,593		**1,210,973**	**4,706,538**		**1,237,714**

Other Receivables

The aging of other receivables at the reporting date was:

	Gross 30-Jun-21 N'000	Loss rate 30-Jun-21 %	Impairment 30-Jun-21 N'000	Gross 31-Dec-20 N'000	Loss rate 31-Dec-20 %	Impairment 31-Dec-20 N'000
0-2 months	**25,227,679**	**-**	**-**	19,561,410	-	-
2-3 months	**46,150**	**-**	**-**	343,660	-	-
3-6 months	**-**	**-**	**-**	1,457,612	-	-
6-12 months	**7,711,135**	**-**	**-**	1,488,014	-	-
More than 12 months	**623,958**	**100%**	**623,958**	637,898	100%	637,898
	33,608,922		**623,958**	**23,488,595**		**637,898**

The Group

Analysis of financial assets impaired.

	Gross 30-Jun-21 N'000	Loss rate 30-Jun-21 %	Impairment 30-Jun-21 N'000
Trade receivables	**5,256,697**	**23%**	**1,210,973**
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**
	5,880,656		**1,834,931**

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 30-Jun-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 30-Jun-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:

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

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
30 June 2021		
Non-derivative financial liabilities		
Loans and borrowings	5,364,787	5,364,787
Trade and other payables	37,026,775	37,026,775
Bank overdraft	6,962,704	6,962,704
	49,354,266	**49,354,266**
31 December 2020		
Non-derivative financial liabilities		
Secured bank loans	2,847,762	2,847,762
Trade and other payables	35,434,507	35,434,507
Bank overdraft	3,546,574	3,546,574
	41,828,843	41,828,843

The Company

	Carrying amount N'000	Contractual cash flows N'000
30 June 2021		
Non-derivative financial liabilities		
Secured bank loans	1,490,019	1,490,019
Trade and other payables	36,910,082	36,910,082
Bank overdraft	6,962,704	6,962,704
	45,362,805	**45,362,805**
31 December 2020		
Non-derivative financial liabilities		
Secured bank loans	2,847,762	2,847,762
Trade and other payables	35,434,507	35,434,507
Bank overdraft	3,546,574	3,546,574
	41,828,843	41,828,843

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
30 June 2021					
Non-derivative financial liabilities					
Secured bank loans	915,659	3,704,119	745,010	-	-
Trade and other payables	-	37,026,775	-	-	-
Bank overdraft	6,962,704	-	-	-	-
	7,878,363	**40,730,894**	**745,010**	-	-
31 December 2020					
Non-derivative financial liabilities					
Secured bank loans	-	-	-	-	-
Trade and other payables		-		-	-
Bank overdraft	5,364,787			-	
	5,364,787	-	-	-	-

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
30 June 2021					
Non-derivative financial liabilities					
Secured bank loans	-	745,010	745,010	-	-
Trade and other payables	-	36,910,082	-	-	-
Bank overdraft	6,962,704	-	-	-	-
	6,962,704	**37,655,092**	**745,010**	-	-
31 December 2020					
Non-derivative financial liabilities					
Secured bank loans	2,847,762	-	-	-	-
Trade and other payables	-	35,434,507		-	-
Bank overdraft	3,546,574	-	-	-	-
	6,394,336	**35,434,507**	-	-	-

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.

	N'000
+-10%	47,233
+-10%	(47,233)

A weakening of the Naira against the currencies at 30 June 2021 would have increased/(decreased) equity and profit or loss by the amount shown below:

	Increase / decrease in foreign exchange rate
Year end	
30-Jun-20	54,990

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	10.00%

The borrowings for the reporting year are highlighted below

The Group

Terms and debt repayment schedule	**Currency**	**Nominal Interest rate**	**Year of Maturity**	**30-Jun-21 Carrying amount**	**31-Dec-20 Carrying amount**
				N'000	**N'000**
Terms and conditions of outstanding loans were as follows:					
10% bank loan		10%	2021	**3,874,768**	2,289,627
17.5% medium term bond	Naira	17.50%	2021	**1,490,019**	2,847,762
Total interest bearing liabilities				**5,364,787**	5,137,389

The Company

Terms and debt repayment schedule	**Currency**	**Nominal Interest rate**	**Year of Maturity**	**30-Jun-21 Carrying amount**	**31-Dec-20 Carrying amount**
				N'000	**N'000**
Terms and conditions of outstanding loans were as follows:					
17.5% medium term bond	Naira	17.50%	2021	**1,490,019**	2,847,762
Total interest bearing liabilities				**1,490,019**	2,847,762

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	
	Jun-21	Dec-20	**Jun-21**	Dec-20
	N'000	N'000	**N'000**	N'000
Borrowings	**5,364,787**	5,137,389	**1,490,019**	2,847,762
Less: Cash & cash equivalents	**2,844,418**	3,006,283	**2,507,452**	2,993,487
Net debt	**2,520,369**	2,131,106	**(1,017,433)**	(145,725)
Total equity	**19,553,533**	18,021,294	**19,826,477**	18,226,759
Net debt ratio	**13%**	**12%**	**-5%**	**-1%**

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.

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.

6.a Operating segment (Group)

The Group has four (4) reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and are managed separately. For each of the strategic business units, the Group's CEO reviews internal management reports on at least monthly basis. The following summary describes the operations in each of the Group's reportable segments.

Segment	Description
Fuels	This segment is responsible for the sale and distribution of petroleum products (white products) and Aviation
Lubricants and Greases	This segment manufactures and sells lubricants and greases.
Power Generation	This segment generates power.
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

As at 31 March 2019, the subsidaries Forte Upstream Services, AP Oil and Gas- Ghana and Amperion Power Distribution Company Limited, which had been previously classified as held for sale at the end of June 2018, were disposed of.

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:

	30 JUNE 2021						30 JUNE 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**
	₦'000	**₦'000**	**₦'000**	₦'000	₦'000	₦'000	**₦'000**	**₦'000**	₦'000	₦'000	₦'000
Revenue	74,713,590	11,225,806	5,700	11,352	813,839	**86,770,287**	79,497,252	7,805,467	7,340	3,457	87,313,516
Cost of sales	(69,989,749)	(8,901,988)	(6,007)	(10,975)	(492,822)	**(79,401,541)**	(76,527,808)	(5,423,837)	(9,884)	(3,712)	(81,965,241)
Gross Profit / (loss)	**4,723,841**	**2,323,818**	**(307)**	**377**	**321,017**	**7,368,746**	**2,969,444**	**2,381,630**	**(2,544)**	**(255)**	**5,348,275**
Distribution expenses	(1,148,027)	(120,100)	-	-	-	**(1,268,127)**	(915,738)	(113,343)	-	-	(1,029,081)
Administrative expenses	(2,075,686)	(1,020,940)	-	(166)	(255,443)	**(3,493,310)**	(1,826,408)	(1,464,863)	1,565	157	(3,289,550)
Net impairment reversal/(losses) on financial assets	26,072	(5)	0	(5)	-	**40,678**	(61,832)	(49,592)	53	5	(111,366)
	(3,223,713)	**(1,141,040)**	**-**	**(166)**	**(255,443)**	**(4,761,437)**	**(2,803,978)**	**(1,627,798)**	**1,618**	**162**	**(4,429,997)**
Operating profit/(loss)	**1,500,128**	**1,182,778**	**(307)**	**211**	**65,574**	**2,607,309**	**165,466**	**753,832**	**(926)**	**(93)**	**918,278**
Net finance cost	(299,494)	(147,331)	19	(24)	-	**(446,829)**	(195,286)	(156,628)	167	17	(351,730)
Other income	273,203	134,398	(18)	22	7,626	**433,797**	335,818	269,341	(288)	(29)	604,842
Profit/(Loss) before income tax	**1,200,635**	**1,035,447**	**(288)**	**187**	**65,574**	**2,614,602**	**305,997**	**866,545**	**(1,047)**	**(105)**	**1,171,390**
Income tax (expense)/credit	(534,228)	(262,804)	35	(43)	-	**(833,344)**	(88,292)	(70,814)	76	7	(159,023)
(Loss)/profit after tax	**666,407**	**772,643**	**(253)**	**144**	**65,574**	**1,781,258**	**217,705**	**795,731**	**(971)**	**(98)**	**1,012,367**

The Group'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 Group 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.

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021

	Group		Company	
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
	₦'000	N'000	₦'000	₦'000
7.1 Revenue & Cost of Sales				
7.1.1. Revenue				
Fuels	**74,713,590**	79,497,252	**74,713,590**	79,497,252
Lubricants and greases	**11,225,806**	7,805,467	**11,225,806**	7,805,467
Solar system	**5,700**	7,340	**5,700**	7,340
Liquefied Petroleum Gas (LPG) and Cylinder Sales	**11,352**	3,457	**11,352**	3,457
Haulage and transportation services	**813,839**	-	**-**	-
	86,770,287	87,313,516	**85,956,448**	87,313,516
7.1.2. Cost of Sales				
Fuels	**69,989,749**	76,527,808	**69,989,749**	76,527,808
Lubricants and greases	**8,901,988**	5,423,837	**8,901,988**	5,423,837
Solar system	**6,007**	9,884	**6,007**	9,884
Liquefied Petroleum Gas (LPG) and Cylinder Sales	**10,975**	3,712	**10,975**	3,712
Haulage and transportation services	**492,822**	-	**-**	-
	79,401,541	81,965,241	**78,908,719**	81,965,241

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	Group		Company	
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
	₦'000	₦'000	₦'000	₦'000
8. Other income				
Investment property rental income (Note 8.1)	**32,517**	102,259	**32,517**	102,259
Throughput income (Note 8.2)	**15,839**	42,460	**15,839**	42,460
Foreign exchange gain	**323,464**	40,441	**323,451**	40,441
Sundry income (Note 8.3)	**17,501**	35,493	**17,501**	35,493
Freight income (Note 8.4)	**-**	106,892	**-**	106,892
Gain on disposal of property, plant and equipment	**36,863**	277,297	**36,863**	277,297
Insurance claims	**7,612**	-	**-**	-
	433,797	604,842	**426,171**	604,842

8.1 The rental income earned by the Company dropped by N69.7m between June 2020 and June 2021 as a result of evacuation of tenants from some of the Company's properties. This evacuation was necessary as these properties are currently undergoing renovations.

8.2 This represents throughput income earned on storage of products for the Pipeline and Petroleum Marketing Company (PPMC) and other petroleum marketers in Apapa tank farm during the year.

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021

		Group		Company	
		30-Jun-21	30-Jun-20	**30-Jun-21**	30-Jun-20
9a.	**Expenses by nature**	**₦'000**	N'000	**₦'000**	₦'000
9a.1.	**Selling, distribution expenses**				
	Fuels - freight	**1,148,027**	915,738	**1,148,027**	915,738
	Lubes - freight	**120,100**	113,343	**120,100**	113,343
	Commissions	**-**	-	**-**	-
		1,268,127	1,029,081	**1,268,127**	**1,029,081**
9a.2.	**Administrative Expenses**				
	Personnel expenses (Note 9a.2.1)	**1,272,490**	894,607	**1,164,479**	894,607
	Depreciation and amortisation	**782,405**	757,638	**779,944**	757,638
	Bank charge	**65,489**	47,519	**63,102**	47,519
	Transport and travel costs	**134,055**	80,392	**134,055**	80,392
	Repairs and maintenance	**282,293**	238,045	**258,199**	238,045
	Safety security and quality control	**149,559**	61,826	**142,501**	61,826
	Insurance	**167,328**	103,093	**109,306**	103,093
	Internet, communication and subscription	**106,787**	61,615	**109,558**	61,615
	Utilities	**95,445**	69,905	**95,445**	69,905
	Professional and legal fees	**392,166**	157,386	**348,054**	157,386
	Audit fees	**16,340**	17,469	**17,469**	17,469
	Board and AGM expenses	**40,593**	24,680	**40,593**	24,680
	Licenses, rates and fees	**62,835**	64,045	**62,835**	64,045
	Public relations, promotions and advertisement	**41,184**	163,723	**28,951**	163,723
	Rent and leases	**116,643**	312,737	**116,643**	312,737
	Bad and uncollectible debt	**-**	2,535	**-**	2,535
	Shrinkage and product (gain)/losses	**(255,429)**	209,869	**(255,429)**	209,869
	Loss on disposal of property, plant and equipment	**5,786**	7,583	**5,786**	7,583
	Printing and stationery expenses	**10,282**	5,074	**9,453**	5,074
	Director fees	**2,600**	2,600	**2,600**	2,600
	Other expenses	**4,458**	7,209	**4,323**	7,209
		3,493,310	3,289,550	**3,237,867**	3,289,550
9a.2.1	**Personnel expenses**				
	Salaries, wages and allowances	**651,848**	582,036	**559,926**	582,036
	Contributions to pension fund scheme	**35,092**	31,265	**30,866**	31,265
	Training, recruitment and canteen expenses	**182,871**	44,055	**178,318**	44,055
	Medical expenses	**37,897**	23,815	**30,587**	23,815
	Contract Manpower	**356,875**	206,629	**356,875**	206,629
	Other personnel expenses	**7,907**	6,807	**7,907**	6,807
		1,272,490	894,607	**1,164,479**	894,607

		Group		Company	
		30-Jun-21	**30-Jun-20**	**30-Jun-21**	**30-Jun-20**
		₦'000	N'000	**₦'000**	₦'000
9b.	**Expenses by function**				
	Cost of sales (Note 7.1.2)	**79,401,541**	81,965,241	**78,908,719**	81,965,241
	Selling, distribution expenses (Note 9a.1)	**1,268,127**	1,029,081	**1,268,127**	1,029,081
	Administrative expenses (Note 9a.2)	**3,493,310**	3,400,916	**3,237,867**	3,400,916
		84,162,978	86,395,238	**83,414,713**	86,395,238

10. Finance income and finance cost

	Group		Company	
	30-Jun-21	30-Jun-20	**30-Jun-21**	**30-Jun-20**
	₦'000	₦'000	**₦'000**	₦'000
Finance income				
Interest income on bank deposits (Note 10.1)	**18,740**	44,603	**18,740**	44,603
Other interest income	**3,109**	106,019	**3,109**	106,019
Total Finance income	**21,849**	150,622	**21,849**	150,622

	Group		Company	
	30-Jun-21	**30-Jun-20**	**30-Jun-21**	**30-Jun-20**
	₦'000	₦'000	**₦'000**	₦'000
Finance costs				
Interest on loans and borrowings	**(393,928)**	(483,552)	**(253,249)**	(483,552)
Interest expense on bank loans and overdrafts (Note 10.1)	**(95,103)**	(18,800)	**(95,103)**	(18,800)
Total finance cost	**(489,031)**	(502,352)	**(348,352)**	(502,352)
Net finance costs	**(467,182)**	(351,730)	**(326,503)**	(351,730)

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	
	30-Jun-21	**30-Jun-20**	**30-Jun-21**	**30-Jun-20**
	₦'000	₦'000	**₦'000**	₦'000
Interest on loan and receivables	**-**	-	**-**	-
Interest income on bank credit balances and other interest income	**3,109**	106,019	**3,109**	106,019
	3,109	106,019	**3,109**	106,019

11. Taxation

	Group		Company	
	30-Jun-21	**30-Jun-20**	**30-Jun-21**	**30-Jun-20**
	₦'000	₦'000	**₦'000**	₦'000
a) Income tax expense				
Income tax	**916,097**	439,589	**916,097**	439,589
Education tax	**65,425**	28,179	**65,425**	28,179
Nigerian Police Trust Fund	**134**	65	**134**	65
Capital Gain	**-**	-	**-**	-
	981,656	467,833	**981,656**	467,833
Deferred tax (credit)/charge	**(148,313)**	(308,810)	**(148,313)**	(308,810)
Total income tax expense/(credit)	**833,343**	159,023	**833,343**	159,023

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021

	30-Jun-21 ₦'000	30-Jun-20 ₦'000	30-Jun-21 ₦'000	30-Jun-20 ₦'000
b) Effective tax rate				
Profit/(Loss) for the period	**1,781,258**	1,012,367	**1,848,737**	1,012,367
Profit before taxes	**1,781,258**	1,012,367	**1,848,737**	1,012,367
Income tax reported in the statement of profit or loss	**833,344**	159,023	**833,343**	159,023
Total income taxes	**833,344**	159,023	**833,343**	159,023
Profit before taxes	**2,614,602**	1,171,390	**2,682,080**	1,171,390
Effective tax rates	**32%**	14%	**31%**	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	**2,614,602.13**	1,171,390	**2,682,081**	1,171,390
Income tax expense at 30%	**804,624**	959,756	**804,624**	959,756
Effect of income exempt from taxation	**(788,816)**	(1,618,268)	**(788,816)**	(1,618,268)
Effect of expenses not deductible for taxation	**1,193,521**	1,193,521	**1,193,521**	1,193,521
Effect of capital allowance	**(1,005,573)**	(1,005,573)	**(1,005,573)**	(1,005,573)
Effect of balancing charge	**629,586**	629,586	**629,586**	629,586
Loss effect	**-**	-	**-**	-
	833,343	**159,023**	**833,343**	**159,023**
Capital gains tax	**-**	-	**-**	-
Education tax	**65,425**	28,179	**65,425**	28,179
Underprovision/(Overprovision)	**-**	-	**-**	-
Minimum tax	**916,097**	439,589	**916,097**	439,589
The Nigerian Police Trust Fund	**134**	65	**134**	65
Deferred tax	**(148,313)**	(308,810)	**(148,313)**	(308,810)
Total income tax expense	**833,343**	159,023	**833,343**	159,023

The company income tax computation for the period ended 30 June 2021 was based on the provisions of the Companies' 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 Tertiary Education Trust Fund (Amendement) Act 2011.

	Group		Company	
	30-Jun-21 ₦'000	31-Dec-20 ₦'000	30-Jun-21 ₦'000	31-Dec-20 ₦'000
b) Movement in current tax liability balance				
Liability as at 1 January	**1,175,592**	976,632	**1,175,592**	976,632
Income tax for the period	**981,656**	1,156,335	**981,656**	1,156,335
Payments during the year	**(518,395)**	(957,375)	**(518,395)**	(957,375)
	1,638,853	1,175,592	**1,638,853**	1,175,592

	Group		Company	
	30-Jun-21	**30-Jun-20**	**30-Jun-21**	**30-Jun-20**
	N'000	N'000	**N'000**	N'000
12. Earnings per share				
Profit attributable to ordinary shareholders				
Profit attributable to ordinary shareholders	**1,781,258**	1,012,367	**1,848,737**	1,012,367
Profit attributable to ordinary shareholders	**1,781,258**	1,012,367	**1,848,737**	1,012,367
Weighted average number of ordinary shares				
Issued ordinary shares at 1 January *	**1,310,629**	1,310,629	**1,310,629**	1,310,629
Treasury shares	**(5,599)**	(5,599)	**(5,599)**	(5,599)
Weighted average number of ordinary shares	**1,305,030**	1,305,030	**1,305,030**	1,305,030
Basic/diluted earnings per share in (N)	**1.36**	0.78	**1.42**	0.78

The group's basic earnings per share of N1.62kobo (June 2020 : N0.78kobo) is based on the profit attributable to ordinary shareholders of N1,729,190,000 (June 2020 : N1,012,367,000) on the 1,305,030,180 (JUne 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 30 June 2021.

13 Property, plant and equipment.

` **The Group**

	Land ₦'000	Building ₦'000	Plant, Equipment and tanks ₦'000	Computer equipment ₦'000	Furniture & fittings ₦'000	Motor vehicles ₦'000	Construction work in progress ₦'000	Total ₦'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	-	516,984	272,350	71,615	6,426	23,000	1,118,651	2,009,026
Transfer	-	-	(18,000)	-	-	18,000	-	-
Disposals	(858)	-	(3,150)	(561)	-	(34,264)		(38,833)
Balance at 30 June 2021	**5,091,151**	**4,225,545**	**9,431,225**	**522,183**	**48,877**	**2,049,440**	**6,295,158**	**27,663,579**
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	29,854	113,758	282,282	21,459	2,652	150,532	-	600,537
Disposals	(169)		(7,950)	(109)	-	(16,477)	-	(24,705)
Balance at 30 June 2021	**534,001**	**2,055,676**	**7,149,395**	**407,151**	**30,671**	**871,976**	**-**	**11,048,870**
Carrying amounts								
Balance at 31 December 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 30 June 2021	**4,557,150**	**2,169,869**	**2,281,830**	**115,032**	**18,206**	**1,177,464**	**6,295,158**	**16,614,709**

(a) Depreciation charge of N600,537,000 (June 2020: N530,884,000) 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 30 JUNE 2021

13. Property, plant and equipment.

` **The Company**

	Land	Building	Plant, Equipment and tanks	Computer equipment	Furniture & fittings	Motor vehicles	Construction work in progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'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	-	516,984	272,350	60,224	3,991	23,000	101,264	977,814
Transfer	-	-	(18,000)	-	-	18,000	-	-
Disposals	(858)	-	(3,150)	(561)	-	(34,264)	-	(38,833)
Balance at 30 June 2021	**5,091,151**	**4,225,545**	**9,431,225**	**504,658**	**43,078**	**2,049,439**	**226,745**	**21,571,840**
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	29,854	113,758	282,282	19,492	2,157	150,532	-	598,075
Disposals	(169)		(7,950)	(109)	-	(16,477)	-	(24,705)
Balance at 30 June 2021	**534,001**	**2,055,676**	**7,149,395**	**404,991**	**29,840**	**871,976**	**-**	**11,045,879**
Carrying amounts								
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 30 June 2021	**4,557,150**	**2,169,869**	**2,281,830**	**99,667**	**13,238**	**1,177,464**	**226,745**	**10,525,962**

(a) Depreciation charge of N598,075,000 (June 2020: N530,884,000) is included in administrative expenses presented 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.

	Group ₦'000	Company ₦'000
14. Right of use assets		
Lease property		
Cost		
Balance at 1 January 2020	**2,185,044**	**2,185,044**
Right of use under construction	10,500	10,500
Addition	277,999	277,999
Balance at 31 December 2020	**2,473,543**	**2,473,543**
Addition	96,217	96,217
Balance at 30 June 2021	**2,569,760**	**2,569,760**
Amortisation		
Balance at 1 January 2020	808,574	808,574
Charge for the period	339,108	339,108
Balance at 31 December 2020	**1,147,682**	**1,147,682**
Charge for the period	155,895	155,895
Balance at 30 June 2021	**1,303,577**	**1,303,577**
Carrying amounts		
Balance at 31 December 2020	1,325,861	1,325,861
Balance at 30 June 2021	**1,266,183**	**1,266,183**

(a) Additions to right of use assets during period was N96,217,000 (2020: 277,999,000).

(b) Amortisation charge of N155,895,000, (June 2020: N188,007,000) 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 statement of financial position 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.

Where the lessee is desirous of renewing the lease, the lessee shall send a written notice to that effect to the lessor. If the lessor is satisfied with the terms, the lessor shall accede to the renewal with the liberty to call for a revised lease payment and other conditions to meet the exigencies of the lease. The Company is prohibited from selling the underlying leased assets. It is also stated that the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

(d) No impairment charge on lease property during the period, 30 June 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

(f) Amount recognised in profit or loss	₦'000
Short term lease	116,643
	116,643

	Group N'000	Company ₦'000
15. Investment property		
Balance at 1 January 2020	2,235,584	2,235,584
Additions	-	-
Balance at 31 December 2020	**2,235,584**	**2,235,584**
Additions	-	-
Balance at 30 June 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	**754,487**	**754,487**
Charge for the period	12,724	12,724
Balance at 30 June 2021	**767,211**	**767,211**
Carrying amount		
At 31 December 2020	1,481,097	1,481,097
Balance at 30 June 2021	**1,468,373**	**1,468,373**

(a) Investment property comprises of a number of commercial properties owned by the Company that are leased to third parties. The lease period ranges between 1 - 8 years. Investment properties are carried at cost.

(b) During the period ended 30 June 2021, the Company recognised N32,517,000 (2020 : N102,259,000) as rental income in the statement of profit or loss and other comprehensive income.

(c) Depreciation charge of N12,724,000 (30 June 2020 : N12,724,000) is included in administrative expenses in the statement of profit or loss and other comprehensive income.

(d) 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/00000000245). 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.

(e) No impairment charge on investment properties during the period 30 June 2021

		Group	Company
		₦'000	₦'000
16.	**Intangible assets**		
	Cost		
	Balance at 1 January 2020	1,034,366	1,034,366
	Acquisitions	5,860.00	-
	Balance at 31 December 2020	**1,040,226**	**1,034,366**
	Addition	56,000	56,000
	Balance at 30 June 2021	**1,096,226**	**1,090,366**
	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	13,250	13,250
	Balance at 30 June 2021	**1,009,909**	**1,009,909**
	Carrying amounts		
	Balance at 31 December 2020	43,567	37,707
	Balance at 30 June 2021	**86,317**	**80,457**

(a) The intangible assets relate to purchased softwares.

(b) The amortisation charge on intangible assets of N13,250,000 (June 2020 : N26,023,000) is included in administrative expenses in the statement of profit or loss.

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

		Group		Company	
		30-Jun-21	**31-Dec-20**	**30-Jun-21**	**31-Dec-20**
		₦'000	₦'000	**₦'000**	₦'000
17.	**Trucks on Hire purchase receivables (Note 17a)**	-	4,591	-	4,591

This balance of nil (2020: N4,591) represents the non current portion of receivables from Hire purchase trucks as at 30 June 2021.

		Group		Company	
		30-Jun-21	**31-Dec-20**	**30-Jun-21**	**31-Dec-20**
		₦'000	₦'000	**₦'000**	₦'000
18.1	Investment in Mobile Power	50,890	50,890	50,890	50,890

This amount represent the cost of the Company's equity investment in Mobile Power Limited in Nigeria.

19	**Investment in subsidiary**	**Company**	
	30 June 2021	**% of ownership**	**Amount ₦'000**
	Equity:		
	Axles and Cartage Limited	100	1,000

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

20a. The Group

i) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2021 ₦'000	Liabilities 2021 ₦'000	Net 2021 ₦'000
Property, plant and equipment	**88,234**	**(1,087,446)**	**(1,175,680)**
Trade receivables	**387,511**	**-**	**387,511**
Other receivables	**199,667**	**-**	**199,667**
Foreign Exchange Movement	**(11,636)**	**-**	**(11,636)**
	663,776	**(1,087,446)**	**(600,138)**

ii) Movement in temporary differences during the period

	Balance January-2021 ₦'000	Recognized in profit or loss ₦'000	Effect of forex flunctuations N'000	Recognized in other comprehensive income ₦'000	Balance June 2021 ₦'000
Property, plant and equipment	(1,211,507)	**35,827**	-	-	**(1,175,680)**
Trade receivables	371,313	**16,198**	-	-	**387,511**
Other receivables	191,369	**8,298**	-	-	**199,667**
Foreign Exchange Movement	(11,393)	**(244)**	-	-	**(11,636)**
	(660,217)	**60,079**	-	-	**(600,138)**

20b. The Company

i) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2021 ₦'000	Assets 2020 ₦'000	Liabilities 2021 ₦'000	Liabilities 2020 ₦'000	Net 2021 ₦'000	Net 2020 ₦'000
Property, plant and equipment	-	-	**1,087,446**	1,211,507	**(1,087,446)**	(1,211,507)
Trade receivables	**387,511**	371,313	-	-	**387,511**	371,313
Other receivables	**199,667**	191,369	-	-	**199,667**	191,369
Foreign Exchange Movement	**(11,636)**	(11,393)	-	-	**(11,636)**	(11,393)
Other liabilities	-	-	-	-	-	-
	575,542	551,290	**1,087,446**	1,211,507	**(511,904)**	(660,217)

ii) Movement in temporary differences during the period

	Balance January- 2021 ₦'000	Recognized in profit or loss ₦'000	Effect of forex flunctuations ₦'000	Recognized in other comprehensive income ₦'000	Balance June 2021 ₦'000
Property, plant and equipment	(1,211,507)	124,061	-	-	**(1,087,446)**
Trade receivables	371,313	16,198	-	-	**387,511**
Other receivables	191,369	8,298	-	-	**199,667**
Foreign Exchange Movement	(11,393)	(244)			**(11,636)**
Other liabilities	-		-	-	**-**
	(660,217)	148,313	-	-	**(511,904)**

		Group		Company	
		30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
		₦'000	₦'000	₦'000	₦'000
21.	**Inventories**				
	White products	**6,487,593**	10,241,902	**6,487,593**	10,241,902
	Raw materials	**4,885,845**	2,004,848	**4,885,845**	2,004,848
	Packaging materials	**198,009**	152,604	**198,009**	152,604
	Semi-finished goods of lubricants	**23,792**	108,033	**23,792**	108,033
	Finished goods of lubricants	**2,076,934**	1,752,419	**2,076,934**	1,752,419
	Inventory -Solar System	**40,980**	44,710	**40,980**	44,710
	Consumables (Note 21.2)	**312,969**	249,092	**196,709**	231,198
		14,026,122	14,553,608	**13,909,862**	14,535,714

21.1 During the period, N79,539,255,000 (June 2020 : N81,965,241,000) 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	
		30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
22a	**Trade receivables**	₦'000	₦'000	₦'000	₦'000
	Trade receivables (Note 22.1)	**5,256,697**	4,706,538	5,241,593	4,706,538
	Less: impairment allowance (Note 22.5)	**(1,210,973)**	(1,237,712)	**(1,210,973)**	(1,237,712)
		4,045,724	**3,468,826**	**4,030,620**	3,468,826

		Group		Company	
		30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
22b	**Other receivables**	₦'000	₦'000	₦'000	₦'000
	Notes receivable (Note 22.2)	**-**	4,120,697	-	4,120,697
	Advance payment to suppliers	**21,334,520**	18,194,518	20,743,309	17,604,184
	Trucks on Hire purchase Receivable (Note 22.3)	**262,967**	562,755	262,967	562,755
	Interest receivable	**46,150**	31,524	46,150	31,524
	Withholding tax recoverable	**31,672**	25,403	31,672	25,403
	Other receivables (Note 22.4)	**3,816,457**	1,549,570	7,416,496	4,969,309
	Petroleum Equalisation Fund (PEF) receivable (Note 22.6)	**5,108,328**	686,232	5,108,328	686,232
		30,600,094	25,170,699	**33,608,922**	28,000,104
	Impairment allowance (Note 22.5)	**(623,959)**	(637,898)	**(623,959)**	(637,898)
		29,976,135	24,532,801	**32,984,963**	27,362,206

		Group		Company	
		30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
		₦'000	₦'000	₦'000	₦'000
22c	**Prepayments**				
	Prepayments	**410,403**	247,097	333,228	247,097
	Prepaid staff expenses	**161,282**	192,455	161,282	192,455
		571,685	439,552	**494,510**	439,552
	Trade and other receivables - (Addition of Notes 22a, 22b and 22c)	**34,593,545**	28,441,179	**37,510,093**	31,270,584

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 3.7 (Impairment) and Note 5 (Financial Risk Management).

22.2 This balance represents promissory notes received from the Federal Government for outstanding subsidy. This notes have now been received in cash.

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

22.4

	Group		Company	
	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
	₦'000	₦'000	₦'000	₦'000
Other receivables				
Related Party receivables - Axles and cartage	**-**	-	**3,649,992**	3,423,428
Related Party receivables - Prudent Energy	**-**	3,464	**-**	-
Other debtors	**3,816,457**	1,546,106	**3,766,504**	1,545,881
	3,816,457	1,549,570	**7,416,496**	4,969,309

		Group		Company	
		30-Jun-21	**31-Dec-20**	**30-Jun-21**	**31-Dec-20**
22.5	**Impairment allowance**	**₦'000**	₦'000	**₦'000**	₦'000
	At 1 January	**1,875,610**	2,352,854	**1,875,610**	2,352,854
	(Decrease)/Increase during the period	**(40,678)**	39,468	**(40,678)**	39,468
	Allowance no longer required	**-**	(516,712)	**-**	(516,712)
		1,834,932	1,875,610	**1,834,932**	1,875,610
	Breakdown of impairment allowance				
	Attributable to trade receivables	**1,210,973**	1,237,712	**1,210,973**	1,237,712
	Attributable to other receivables	**623,959**	637,898	**623,959**	637,898
		1,834,932	1,875,610	**1,834,932**	1,875,610

'22.6 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	
23.		**30-Jun-21**	**31-Dec-20**	**30-Jun-21**	**31-Dec-20**
		₦'000	₦'000	**₦'000**	₦'000
	Restricted cash	**19,765**	30,127	**19,765**	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	
		30-Jun-21	**31-Dec-20**	**30-Jun-21**	**31-Dec-20**
		₦'000	₦'000	**₦'000**	₦'000
24.	**Cash and cash equivalents**				
	Bank balances	**2,085,120**	2,329,663	**1,748,156**	2,316,867
	Short-term deposits (Note 24.1)	**759,298**	676,620	**759,298**	676,620
	Cash and bank balances	**2,844,418**	3,006,283	**2,507,452**	2,993,487
	Bank overdrafts used for cash management purposes (Note 24.2)	**(6,962,704)**	(3,819,595)	**(6,962,704)**	(3,546,574)
	Cash and cash equivalents in the statement of cash flows	**(4,118,286)**	(813,312)	**(4,455,252)**	(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 N677,614,000 (Dec 2020 : N602,270,000) held in a separate bank account in accordance with the guildlines 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 banks. These facilities have an average interest rate of 10% daily

		Group		Company	
		30-Jun-21	**31-Dec-20**	**30-Jun-21**	**31-Dec-20**
		₦'000	₦'000	**₦'000**	₦'000
25.	**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**	2,000,000
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**	655,314

		Group		Company	
		30-Jun-21	**31-Dec-20**	**30-Jun-21**	**31-Dec-20**
				Units	Units
c)	**Shares outstanding**				
	Issued ordinary shares at 1 January	**1,310,629**	1,310,629	**1,310,629**	1,310,629
	Treasury shares	**(5,599)**	(5,599)	**(5,599)**	(5,599)
	Number of ordinary shares	**1,305,030**	1,305,030	**1,305,030**	1,305,030

**These are in thousand units.*

	Group		Company	
	30-Jun-21	**31-Dec-20**	**30-Jun-21**	**31-Dec-20**
	₦'000	₦'000	**₦'000**	₦'000
d) Share premium	**8,071,943**	8,071,943	**8,071,943**	8,071,943

e) Other reserves

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

f) Retained earnings

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

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 transfered 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.

26. 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	
	30-Jun-21	**31-Dec-20**	**30-Jun-21**	**31-Dec-20**
	₦'000	₦'000	**₦'000**	₦'000
Current				
Loans & borrowings (Note 27.2)	**3,874,768**	2,289,627	**-**	-
Medium term bond (27.3)	**1,490,019**	2,847,762	**1,490,019**	2,847,762
	5,364,787	5,137,389	**1,490,019**	2,847,762
27.1 Loan movement				
Opening balance	**5,137,389**	5,212,189	**2,847,762**	5,212,189
Additional loan drawn down	**1,590,551**	2,289,627	**-**	-
Interest cost for the period/year	**125,923**	1,408,180	**253,249**	1,408,180
Repayment - Interest	**(131,332)**	(2,364,427)	**(253,249)**	(2,364,427)
Repayment - Principal	**(1,357,743)**	(1,408,180)	**(1,357,743)**	(1,408,180)
Closing balance	**5,364,787**	5,137,389	**1,490,019**	2,847,762

27.2 Loans and borrowings

The loans and borrowings represent a bank loan obtained (in 2020) by the Company's only subsidiary (Axles and Cartage) at a fixed interest rate of 10%. The loan relates to a Vehicle Acquisition Facility (VAF) obtained by Axles and Cartage for a period of 1 year. The loan has a moratorium of 11 months on principal repayment with interest paid monthly during the moratorium period.

27.3 Medium term bond

In December 2016, the company issued N9billion unsecured corporate bond for a 5-year tenor at a coupon of 17.5% (effective interest rate as computed by the Company was 19.43%).

The net proceeds were used to refinance existing commercial bank loan obligations and to immediately finance the company's retails 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).

Borrowinge 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. Trade and other payables

	Group		Company	
	30-Jun-21	**31-Dec-20**	**30-Jun-21**	**31-Dec-20**
	₦'000	₦'000	**₦'000**	₦'000
Current trade and other payables				
Trade payable				
NNPC accounts payable	**2,262,311**	2,790,427	**2,262,311**	2,790,427
Trade creditors	**7,623,864**	9,073,321	**7,623,963**	9,063,042
Inventory accruals (Note 28.1)	**19,159,820**	15,893,922	**19,159,820**	15,886,397
Customer deposits for products	**4,096,363**	3,639,848	**4,096,363**	3,639,848
	33,142,358	31,397,518	**33,142,457**	31,379,714
Non-trade payables and other creditors (Note 28.2)	**3,884,417**	4,083,908	**3,767,625**	4,054,793
Total Trade and other payables	**37,026,775**	35,481,426	**36,910,082**	35,434,507

28.1 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.

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

	Group		Company	
	30-Jun-21	**31-Dec-20**	**30-Jun-21**	**31-Dec-20**
Non-trade payables and other creditors	**₦'000**	₦'000	**₦'000**	₦'000
Unclaimed dividend	**677,614**	602,270	**677,614**	602,270
Statutory payables (VAT, WHT etc.)	**758,503**	816,743	**717,062**	787,689
Other payables	**2,099,521**	2,296,183	**2,004,237**	2,296,121
Security deposits	**368,712**	368,712	**368,712**	368,712
	3,904,350	**4,083,908**	**3,767,625**	**4,054,792**