



# **TOTALENERGIES MARKETING NIGERIA PLC**

## **UNAUDITED FINANCIAL STATEMENT**

30 September, 2021

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# TOTALENERGIES MARKETING NIGERIA PLC

## RESULTS AT A GLANCE FOR THE PERIOD ENDED

	<u>30 September 2021</u>	<u>30 September 2020</u>	<u>Change</u>
	₦'000	₦'000	%
Revenue	242,224,249	151,707,143	60
Profit before minimum and income taxation	19,723,246	912,886	2,061
Profit for the year	13,386,101	500,119	2,577
Share capital	169,761	169,761	-
Shareholders' funds	38,141,687	26,544,166	44
<b>Total dividend</b>	<b>1,358,087</b>	-	
Interim dividend - proposed	1,358,087	-	

	<u>30 September 2021</u>	<u>30 September 2020</u>	<u>Change</u>
			%
<b>PER SHARE DATA:</b>			
<i>Based on 339,521,837 ordinary shares of 50 kobo each:</i>			
<i>Earnings per 50 kobo share (Naira) - basic</i>	39.43	1.47	2,577
<i>Dividend per 50 kobo share (Naira)<sup>1</sup></i>	4.00	0.00	-
<i>Dividend cover (times)</i>	9.86	0.00	-
<i>Stock exchange quotation (Naira)</i>	192.00	97.50	97
Number of staff	434	439	(1)

# TOTAL ENERGIES MARKETING NIGERIA PLC

## STATEMENT OF FINANCIAL POSITION AS AT

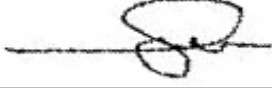
		30 September 2021	31 December 2020
	Notes	N'000	N'000
<b>Non-current assets</b>			
Property, plant and equipment	16	33,013,902	36,207,654
Right-of-use assets	17 (i)	7,476,314	8,189,839
Intangible assets	15	135,531	142,420
Withholding tax receivables	11.2.1	433,774	433,774
Trade and other receivables	19.1	1,978,780	2,326,547
<b>Total non-current assets</b>		<b>43,038,301</b>	<b>47,300,234</b>
<b>Current Assets</b>			
Inventories	18	29,640,047	21,619,936
Withholding tax receivables	11.2.1	762,915	1,212,223
Trade and other receivables	19	62,752,562	41,335,763
Prepayments	20	949,629	1,130,452
Cash and cash equivalents	24	60,668,585	31,014,277
<b>Total current assets</b>		<b>154,773,738</b>	<b>96,312,651</b>
<b>Total assets</b>		<b>197,812,039</b>	<b>143,612,885</b>
<b>Equity</b>			
Share capital	23	169,761	169,761
Retained earnings		37,971,926	27,981,218
<b>Total equity</b>		<b>38,141,687</b>	<b>28,150,979</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	11.3	4,563,432	4,503,670
Lease liabilities	21 (ii)	311,172	498,810
Employee benefits	12	662,125	641,174
<b>Total non-current liabilities</b>		<b>5,536,729</b>	<b>5,643,654</b>
<b>Current liabilities</b>			
Current tax liabilities	11.2	5,732,381	438,797
Loans and borrowings	21 (i)	32,279,010	32,614,323
Employee benefits	12	67,159	67,159
Trade and other payables	22	112,764,845	73,485,400
Deferred income	22.2	2,969,408	2,698,297
Lease liabilities	21 (ii)	320,820	514,276
<b>Total current liabilities</b>		<b>154,133,624</b>	<b>109,818,252</b>
<b>Total liabilities</b>		<b>159,670,352</b>	<b>115,461,906</b>
<b>Total equity and liabilities</b>		<b>197,812,039</b>	<b>143,612,885</b>

These financial statements were approved by the Board of Directors of the Company on 28 October 2021 and signed on behalf of the Board by:

  
 Rufa'i Sirajo - Director  
 FRC/2013/NSE/00000001547

  
 Lesley Green - Executive Director  
 FRC/2020/003/00000020680

Additionally certified by:

  
 Samson Eghwerehe - Head of Finance  
 FRC/2018/ICAN/00000018952

The notes form an integral part of these financial statements.

## TOTALENERGIES MARKETING NIGERIA PLC

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED

	Notes	For the three months ended		For the nine months ended	
		30 September	30 September	30 September	30 September
		2021	2020	2021	2020
		₦'000	₦'000	₦'000	₦'000
Revenue	6	90,891,011	45,002,199	242,224,249	151,707,143
Cost of sales	10	(75,809,473)	(36,372,724)	(201,639,024)	(130,677,602)
<b>Gross profit</b>		<b>15,081,538</b>	<b>8,629,475</b>	<b>40,585,225</b>	<b>21,029,541</b>
Other income	9.1	1,179,774	372,902	3,653,580	1,152,300
Other expenses	9.2	-	(59,909)	-	(301,609)
Selling & distribution costs	10	(827,487)	(734,833)	(2,433,791)	(2,407,489)
Administrative expenses	10	(7,264,514)	(6,042,452)	(21,042,117)	(17,890,237)
Impairment loss on trade receivables	27 (iv)	(43,898)	(166,883)	(111,515)	(301,018)
<b>Operating profit</b>		<b>8,125,413</b>	<b>1,998,300</b>	<b>20,651,382</b>	<b>1,281,488</b>
Finance income	8	251,574	49,654	346,181	2,197,238
Finance costs	8	(432,307)	(611,170)	(1,274,317)	(2,565,841)
<b>Net finance costs</b>		<b>(180,733)</b>	<b>(561,516)</b>	<b>(928,136)</b>	<b>(368,603)</b>
<b>Profit before minimum taxation</b>		<b>7,944,679</b>	<b>1,436,784</b>	<b>19,723,246</b>	<b>912,886</b>
Minimum taxation	11.1.3	-	108,476	-	(164,546)
<b>Profit before income taxation</b>		<b>7,944,679</b>	<b>1,545,260</b>	<b>19,723,246</b>	<b>748,340</b>
Income taxation	11.1.1	(2,624,169)	(507,953)	(6,337,145)	(248,221)
<b>Profit for the year</b>		<b>5,320,510</b>	<b>1,037,307</b>	<b>13,386,101</b>	<b>500,119</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>5,320,510</b>	<b>1,037,307</b>	<b>13,386,101</b>	<b>500,119</b>
<b>Earnings per share</b>					
Basic and diluted earnings per share	14	15.67	3.06	39.43	1.47

The notes form an integral part of these financial statements.

# TOTALENERGIES MARKETING NIGERIA PLC

## STATEMENT OF CHANGES IN EQUITY

*For the period ended 30 September 2021*

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total equity</u>
	₦'000	₦'000	₦'000
<b>Notes</b>			
<b>Balance at 1 January 2021</b>	169,761	27,981,218	28,150,979
Profit for the year	-	13,386,101	13,386,101
Other comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>13,386,101</u>	<u>13,386,101</u>
<b>Transactions with owners of the Company:</b>			
<b>Contributions and Distributions</b>			
Forfeited dividend	13.1 -	26,078	26,078
Prior year final dividend	13.1 -	(2,063,385)	(2,063,385)
Current year interim dividend	13.1 -	(1,358,087)	(1,358,087)
Total transactions with owners of the Company	<u>-</u>	<u>(3,395,394)</u>	<u>(3,395,394)</u>
<b>Balance at 30 September 2021</b>	<u><u>169,761</u></u>	<u><u>37,971,926</u></u>	<u><u>38,141,687</u></u>

*For the period ended 30 September 2020*

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total equity</u>
	₦'000	₦'000	₦'000
<b>Notes</b>			
<b>Balance as at 1 January 2020</b>	169,761	28,150,023	28,319,784
Profit for the year	-	500,119	500,119
Other comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>500,119</u>	<u>500,119</u>
<b>Transactions with owners of the Company:</b>			
<b>Contributions and Distributions</b>			
Forfeited dividend	13.1 -	2,455	2,455
Prior year final dividend	13.1 -	(2,278,192)	(2,278,192)
Total transactions with owners of the Company	<u>-</u>	<u>(2,275,737)</u>	<u>(2,275,737)</u>
<b>Balance at 30 September 2020</b>	<u><u>169,761</u></u>	<u><u>26,374,405</u></u>	<u><u>26,544,166</u></u>

The notes form an integral part of these financial statements.

# TOTALENERGIES MARKETING NIGERIA PLC

## STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED

		30 September 2021	30 September 2020
	Note	₦'000	₦'000
Profit for the year		13,386,101	500,119
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	16	3,695,661	3,553,711
Depreciation of right-of-use asset	17 (i)	1,427,878	1,174,079
Amortisation of intangible assets	15	34,495	8,128
Provision for employee benefits	32(iii)	54,960	38,070
Write down of inventory (Net)	18.1	120,791	(81,193)
Gain on disposal of property, plant and equipment	9.1	(77,851)	(25,341)
Gain on disposal of raw material	9.1	-	-
Net foreign exchange (gain)/ loss	9.1	(1,871,447)	301,609
Net finance costs/ (income)	8	928,136	368,603
Income taxation	11.1.1	6,337,145	248,221
Minimum taxation	11.1.3	-	164,546
		<u>24,035,869</u>	<u>6,250,551</u>
<b>Changes in:</b>			
- Inventories		(8,140,902)	15,263,295
- Trade and other receivables		(20,795,425)	(8,333,132)
- Prepayments		841,795	(281,893)
- Trade and other payables		35,361,868	6,188,468
- Right-of-use assets		7,385	9,100
- Deferred income		271,111	(267)
		<u>271,111</u>	<u>(267)</u>
<b>Cash generated from operating activities</b>		<b>31,581,700</b>	<b>19,096,122</b>
Payment for employee benefits	12	(34,009)	-
Petroleum Subsidy Fund (PSF)	8	-	2,038,435
Interest on loans and receivables	8	158,634	97,741
Interest on lease liabilities	8	(196,195)	(114,399)
Tax paid	11.2	(275,947)	(1,280,703)
Withholding tax credit notes utilized	11.2	(258,544)	(472,206)
		<u>(1,806,061)</u>	<u>(1,869,253)</u>
<b>Net cash generated from operating activities</b>		<b>30,975,640</b>	<b>19,364,990</b>
<b>Cash flows from investing activities</b>			
Additions to right-of-use asset	17 (iii)	(714,353)	(1,158,828)
Purchase of property, plant and equipment	16	(1,165,140)	(2,386,869)
Purchase of intangible assets	15	(27,606)	(20,374)
Interest on unclaimed dividend	8	22,022	45,016
Interest on deposits	8	165,525	16,046
Proceeds from disposal of property, plant and equipment		80,110	31,349
Proceeds from disposal of raw material		-	-
		<u>(1,639,442)</u>	<u>(3,473,660)</u>
<b>Net cash used in investing activities</b>		<b>(1,639,442)</b>	<b>(3,473,660)</b>
<b>Cash flows from financing activities</b>			
Interest on bank overdraft and loans	8	(911,522)	(1,882,352)
Interest on import loans	8	(33,278)	(569,090)
Interest on other loans	8	(133,322)	-
Payment on lease liabilities	21.1	(388,478)	(463,622)
Additional borrowings	21.1	20,706,553	(11,215,056)
Repayment of borrowings	21.1	(19,685,069)	(1,008,593)
Dividends paid	13.1	(1,377,566)	-
		<u>(1,822,682)</u>	<u>(15,138,713)</u>
<b>Net cash used in financing activities</b>		<b>(1,822,682)</b>	<b>(15,138,713)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>27,513,515</b>	<b>752,617</b>
Cash and cash equivalents at 1 January		25,272,980	(18,010,135)
Effect of movement in exchange rates on cash held		7,882,090	(1,341,113)
		<u>60,668,585</u>	<u>(18,598,631)</u>
<b>Cash and cash equivalents as at period ended 30 September</b>	24	<b>60,668,585</b>	<b>(18,598,631)</b>
<b>Cash and cash equivalents as at year ended 31 December</b>			<b>25,272,980</b>

The notes form an integral part of these financial statements.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 1 The Company

#### Legal form:

The Company was incorporated as a private limited liability company in 1956 and was converted to a public company in 1978. The merger of the Company with Elf Oil Nigeria Limited which commenced globally in November 1999 was completed in Nigeria in 2002. With this development, the authorised, issued and fully paid share capital was ₦148,541,000 made up of 297,082,000 ordinary shares of 50k each. In 2003, to mark the completion of its corporate mergers, Total Group worldwide reverted to its former name Total and adopted a new logo with a unifying design to express its corporate ambition. In 2021, Total Group worldwide changed its name to TotalEnergies and adopted a new logo, thereby anchoring the transformation into a broad energy business within the Company's identity.

Accordingly, the Company changed its name from Total Nigeria Plc and TotalEnergies Marketing Nigeria Plc in the same year. With the capitalisation of the bonus issue of 42,440,228 ordinary shares of 50k each in March 2004, the authorised share capital became ₦169,760,918 made up of 339,521,837 ordinary shares of 50k each. 61.72% of the Company's ordinary shares were held by Total Societe Anonyme up until 2013 when a restructuring was concluded and Total Raffinage Marketing became the shareholders of 61.72% of TotalEnergies Marketing Nigeria Plc while the remaining 38.28% are held by some members of the general public. Total Raffinage Marketing is now called TotalEnergies Marketing Services.

	30 September 2021		31 December 2020	
	Number '000	Holdings %	Number '000	Holdings %
Total Marketing Service	209,560	61.72	209,560	61.72
Other shareholders	129,962	38.28	129,962	38.28
	<b>339,522</b>	<b>100.00</b>	<b>339,522</b>	<b>100.00</b>

No shareholder, except as disclosed above, held more than 10% of the issued share capital of the Company as at 30 September 2021 (2020: Nil).

#### Principal activities

The principal activity of the Company is the blending of lubricants, sales and marketing of refined petroleum products and solar products .

#### Description of business

TotalEnergies Marketing Nigeria Plc. ("the Company") is a subsidiary of TotalEnergies Marketing Services ("the Parent Company") in France and operates in the petroleum marketing and distribution business in Nigeria. the Company's registered office is situated at:

No. 4, Churchgate Street  
Victoria Island  
Lagos State

### 2.0 Basis of preparation

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in conformity with the Financial Reporting Council (FRC) of Nigeria Act, 2011 and the Companies and Allied Matters Act (CAMA), 2020. They were approved by the Board of Directors on 28 October 2021.

#### 2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the provision for employee benefits which has been measured at the present value of the obligation (Note 12).

#### 2.3 Functional and presentation currency

These financial statements are presented in Nigerian Naira (NGN), which is the Company's functional currency. All financial information presented in Nigerian Naira have been rounded to the nearest thousand unless otherwise stated.



# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 2.4 Financial period

These financial statements cover the financial period from 01 January 2021 to 30 September 2021, with corresponding figures for the financial period from 01 January, 2020 to 30 September, 2020 and, 01 January, 2020 to 31 December, 2020 where appropriate.

### 2.5 Going concern

The directors have undertaken a review of the effect of the subsequent events disclosed in Note 30 on the Company's business activities and have concluded that the Company will still be able to realise its assets and settle its obligations as they fall due and as such these financial statements have been prepared on the basis applicable to a going concern.

### 2.6 Significant events and transactions

Other than events already disclosed in the various notes, there are no other significant events in the year that are required to be disclosed.

### 2.8 Use of estimates and judgments

In preparing these financial statements, the directors have made certain judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised prospectively.

#### (a) Judgement

Information about judgements made in applying accounting policies that have the most significant effects on amounts recognised in the financial statements are as follows;

##### (i) Cash held with Total Treasury - Note 24

Determining if balances held with Total Treasury meets the criteria for classification as cash and cash equivalents.

##### (ii) Lease term - Note 17 (iv)

Whether the Company is reasonably certain to exercise extension options.

##### (iii) Asset retirement obligation - Note 17 (iv)

Whether the Company will dismantle and remove its leasehold improvements on underlying asset or restore underlying asset.

#### (b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 September 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year includes;

##### (i) Measurement of defined benefit obligation: Key actuarial assumptions

The amount recognised in Note 12 of the financial statements as employee benefits - measurement of the Company's employee benefits. This estimate relates to the discount rate, withdrawal, mortality and inflation rate applied in the computation of the Company's liabilities.

##### (ii) Measurement of Expected Credit Loss (ECL) allowance - Note 27

Information about measurement of trade receivables and contract assets: Key assumptions in determining the weighted-average loss rate.

##### (iii) Measurement of contingencies - Note 25

Recognition of contingencies - key assumptions about likelihood and magnitude of an outflow of resources.

##### (iv) Incremental borrowing rate - Note 21 (i)

Estimation of the applicable borrowing rates.

##### (v) Impairment of non-financial assets

The results from the impairment assessment of cash generating units (CGU) have been projected on the total CGU population.

## TOTALENERGIES MARKETING NIGERIA PLC

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 New standards and interpretations not yet adopted

Amendments to Standards and Interpretations are effective for annual periods beginning after 1 January 2020 and early application is permitted; however, the Company has not applied the amended standards in preparing these financial statements. Those Amendments to Standards and Interpretations which may be relevant to the Company are set out below.

The directors are of the opinion that the impact of the application of the relevant standards and interpretations will be as follows:

Standard/Interpretation not yet effective as at 30 September 2021	Date issued by IASB	Effective date Periods beginning on or after	Summary of the requirements and assessment of impact
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018–2020	May 2020 1 January 2022 Early adoption is permitted.	<p>IFRS 9 <i>Financial Instruments</i> - This amendment clarifies that – for the purpose of performing the “10 per cent test” for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.</p> <p>IFRS 16 - <i>Leases</i> - The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.</p> <p>The amendments are effective from 1 January 2022 but may be applied earlier. The amendments are not expected to have a significant impact on the Company’s financial statements.</p>
Amendments to IAS 1	<i>Classification of liabilities as current or non-current</i>	January 2020 1 January 2023 Early adoption is permitted	<p>Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.</p> <p>The company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. The Board has now clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.</p> <p>This new requirement may change how companies classify rollover facilities, with some becoming non-current. As a result, the classification of certain economically-similar arrangements – e.g. term loans and rollover facilities – could become aligned.</p> <p>When these amendments were published in January, they were to apply retrospectively for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. However, the Board has now proposed 3 deferring the effective date of these amendments by one year – i.e. from 2022 to 2023 – to provide companies with operational relief to allow more time to implement the amendments and re-negotiate the covenants in their loan agreements which, in current conditions, could take longer than initially expected.</p>

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### 4.1 Foreign currency transactions

Transactions denominated in foreign currencies are translated at the exchange rate on the transaction date. At each reporting date, monetary assets and liabilities are translated at the closing rate. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss on a net basis as "Other income" (net foreign exchange gain) or "Other expenses" (net foreign exchange loss).

#### 4.2 Revenue and other income

##### (i) Revenue recognition

###### *Revenue streams*

The Company generates revenue primarily from the sale of refined petroleum products and lubricants to its customers (see Note 6). Other sources of revenue include sale of special fluids and solar products.

###### *Performance obligations and revenue recognition policies*

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer. Revenue from the sale of non-regulated products in the course of ordinary activities is measured at the fair value of the received consideration or receivable, net of value added tax, sales returns, trade discounts and volume rebates where applicable. Revenue for regulated products is measured at the regulated price of the products net of standard distribution cost directly recoverable from the prices of the regulated products.

The following table provides information about the timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

<b>Nature and timing of satisfaction of performance obligations, including significant payment terms.</b>	<b>Revenue recognition policies</b>
Customers obtain control of products when the goods are delivered to and have been accepted at their premises or picked up by the customer. Invoices are generated and revenue is recognised at that point in time. Credit sales are due for collection within 30 days. This applies to all sales products.	Revenue is recognised when the goods are delivered and have been accepted by customers at their premises or picked up by the customer.

##### (ii) Other income

The Company recognises income from commission on sales at its *bonjour* shops as well as the rental of some of its space. The period of occupancy is the basis upon which rental income is recognised and the lease term is usually for 12 months. Rental income are for short term leases and are recognised in profit or loss on a straight line basis over the term of the lease.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.3 Finance income and finance costs

The Company's finance income comprises interest income on bank balances and advances to employees and reimbursement of any foreign exchange loss and/or interest from Petroleum Product Pricing Regulatory Agency (PPPRA). Interest income on bank balances and advances to employees, is recognised as it accrues in profit or loss, using the effective interest method.

PPPRA foreign exchange differentials arise when there is a difference between the CBN rate used for imports and the rate per the PPPRA pricing template. Reimbursement of interest by PPPRA arise when there is a delay in the payment of subsidy earned on import by PPPRA. Reimbursements of foreign exchange loss and/or interest from PPPRA are classified under operating activities in the Statement of Cash Flows while interest income on funds invested are classified under investing activities.

Finance costs comprise interest expense on borrowings, finance costs of commercial papers and unwinding of discount on provisions. Interest expenses are recognised in profit or loss using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability

### 4.4 Income taxes

Income tax expense comprises current tax (company income tax, tertiary education tax and Nigeria Police Trust Fund levy) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Company had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

#### *Current taxes*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company income tax is computed on taxable profits (i.e the assessable profit after capital allowances (tax depreciation) and brought forward losses (if any) have been considered)
- Tertiary education tax is computed on assessable profits (i.e the profit of the Company that is liable to tax after exempting non-taxable income and subjecting to tax, expenses which were not wholly, reasonably, exclusively or necessarily incurred for the operations of the Company, but before the consideration of capital allowances and losses)
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year)

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the year are treated as income tax in line with IAS 12.

#### *Minimum tax*

Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.

In line with the Finance Act 2020, minimum tax is determined at a base rate of 0.25% (2019: 0.5%) of the qualifying company's gross turnover less franked investment income. The Finance Act defines gross turnover as the gross inflow of economic benefits (cash, revenues, receivables and other assets) arising from the operating activities of a Company, including sales of goods, supply of services, receipt of interest, rents, royalties or dividends.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as minimum tax.

The Company offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and intends either to 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 be realised.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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 of 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, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

### **Accounting for uncertain tax treatments under IFRIC 23**

The Company's judgements with respect to income taxes are based on the likelihoods that the tax authority will accept an uncertain tax treatment that has been taken or is expected to be taken on its tax returns. The Company specifically reviews whether its tax treatments are consistent with requirements and recommendations of tax laws while ensuring its proper coverage of avoidable tax risks and exposures in the process.

The Company measures the impact of the uncertainty using the method that best predicts the resolution of the uncertainty; either the most likely amount method or the expected value method. Furthermore, the 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.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.5 Earnings per share (EPS)

#### i Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

#### ii Diluted earnings per share

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.

### 4.6 Property plant and equipment

#### i Recognition, derecognition and measurement

Property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment shall be recognised as an asset if;

- it is possible that future economic benefits associates with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment under construction are disclosed as work in progress. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for their intended use including, where applicable, the cost 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 in profit or loss.

Property, plant and equipment are derecognised on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal.

#### ii Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### iii Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

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

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Property, plant and equipment are depreciated to their residual values using the straight-line method over their useful lives for current and comparative periods as follows:

Type of asset	Useful lives
• Motor vehicles	4 years
• Office equipment and furniture	4 years
• Computer equipment and other tangibles	4 - 20 years
• Plant, machinery and fittings	3 - 30 years
• Buildings	10 - 25 years
• Land	Not depreciated

Capital work in progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

## TOTALENERGIES MARKETING NIGERIA PLC

### NOTES TO THE FINANCIAL STATEMENTS

#### 4.7 Intangible assets

##### i Recognition and measurement

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are computer software and software licenses. These are capitalised on the basis of acquisition costs as well as costs incurred to bring the assets to use.

Intangible assets are derecognised upon sale. The gain or loss arising from the derecognition of an intangible asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset.

##### ii Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific intangible asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

##### iii Amortisation of intangible assets

Amortisation is calculated on the cost of the asset, or other amount substituted for cost, less its estimated 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 most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Computer software and software licences have estimated useful lives for the current and corresponding periods of 3 to 5 years.

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

#### 4.8 Dividend payable

An accrual is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

Any accrual made in respect of dividend payable is recognised as a deduction from equity.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.9 Impairment

#### i Non-derivative financial assets

##### *Financial instruments*

The Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. The company also recognises loss allowances for ECLs on employee loan receivables which are disclosed as part of trade and other receivables. (See Note 19)

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances, lease and loan receivables for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs. Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

#### **Measurement of ECLs**

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

##### *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

##### *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

##### *Write-off*

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For customers, the Company makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.



# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.9 Impairment (Cont'd)

#### ii Non financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash flows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 4.10 Financial instruments

#### i Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### ii Classification and subsequent measurement

##### Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income (FVOCI) as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### Financial assets - Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfer of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose consistent with the company's continuing recognition of the assets.

Financial assets that are held for trading or are merged and whose performance is evaluated on a fair value basis are measured at FVTPL.

##### Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.10 Financial instruments (cont'd)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

#### Financial assets – Subsequent measurement and gains and losses

##### *Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### iii Derecognition

#### *Financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

#### *Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

### iv Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## TOTALENERGIES MARKETING NIGERIA PLC

### NOTES TO THE FINANCIAL STATEMENTS

## TOTALENERGIES MARKETING NIGERIA PLC

### NOTES TO THE FINANCIAL STATEMENTS

#### 4.11 Share capital

The Company has only one class of shares namely ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity.

#### 4.12 Statement of cash flows

The statement of cash flows is prepared using the indirect method. Dividends paid to ordinary shareholders are included in financing activities. Interest paid is also included in financing activities while interest received is included in investing activities. Foreign exchange differential and interest claim on Petroleum Support Fund (PSF) are included in operating activities.

#### 4.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash balances with commercial banks and Total Treasury as well as call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

#### 4.14 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of blended products/lubricants includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventory values are adjusted for obsolete, slow-moving or defective items.

The basis of costing inventories based on the product types are as follows:

Product Type	Cost Basis
Refined Petroleum Products (AGO, ATK, PMS, DPK, LPFO)	Weighted Average Cost
Packaging Materials, Solar Lamps, Lubricants, Greases, Special fluids and Car care products	Weighted Average Cost
Inventories-in-transit	Total purchase cost incurred at transaction date

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.15 Provisions

Provisions comprise liabilities for which the amount and the timing are uncertain. They arise from environmental risks, legal and tax risks, litigation and other risks. A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event for which it is probable that an outflow of resources will be required and when a reliable estimate can be made regarding the amount of the obligation. Provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessment of the value and the risk specific to the liability. The unwinding of the discount is recognised in profit or loss as a finance cost.

However, possible obligations depending on whether or not certain future events occur are disclosed as contingent liabilities.

### 4.16 Employee benefits

#### i Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for its permanent staff. Employees contribute 8% of their Basic salary, Transport and Housing Allowances to the Fund on a monthly basis. The Company's contribution is 10% of each employee's Basic salary, Transport and Housing Allowances. Staff contributions to the scheme are funded through payroll deductions while the Company's contribution is recognised in profit or loss as staff costs in the periods during which services are rendered by employees.

#### *Gratuity scheme*

The Company operates a gratuity scheme for its employees in service before January 2001. This is funded by the Company on a monthly basis, at a rate of contribution of 9.5% of total annual emolument and paid to Fund Managers chosen by each employee.

The Company's obligations are extinguished once the amounts have been transferred to the Fund Managers.

#### ii Other long-term employee benefits

The Company's other long-term employee benefits represents a Long Service Award scheme for a minimum milestone of ten (10) years and the Total home ownership scheme (TEHOS) which is a one-off payment upon tenth anniversary. These schemes are instituted for all permanent employees. The Company's obligations in respect of these schemes are the amounts of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. The discount rate is a result of the Company's objective to ensure underlying cost inflation remains below country headline inflation having considered the weighted average of five (5) years yield on Federal Government of Nigeria issued bonds that have maturity dates approximating the term of the Company's obligation. The calculation is performed using the Projected Unit Credit method. Remeasurements are recognised in profit or loss in the period in which they arise. This Scheme is not funded. The obligations are paid out of the Company's cash flows as and when due.

#### iii Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

#### iv Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

#### v Post-employment benefits

The Company's post-employment benefits represents a post-retirement medical coverage for five (5) years on early retirement or seven (7) years on normal retirement (i.e. at the retirement age of 60 years). This scheme is instituted for all permanent employees and is provided after the completion of employment via the Health Insurance Scheme offered third party providers. The Company's exposure under this arrangement is limited to premium payable to the providers. The benefit is discounted to determine its present value. Return for their service in the current and prior periods. The benefit is discounted to determine its present value. The discount rate is a result of the Company's objective to ensure underlying cost inflation remains below country headline inflation having considered the weighted average of five (5) years yield on Federal Government of Nigeria issued bonds that have maturity dates approximating the term of the Company's obligation. The calculation is performed using the Projected Unit Credit method. Remeasurements are recognised in profit or loss in the period in which they arise. This Scheme is not funded. The obligations are paid out of the Company's cash flows as and when due.

### 4.17 Government grant

Petroleum Products Pricing Regulatory Agency (PPPRA) subsidises the cost of importation of certain refined petroleum products whose prices are regulated in the Nigerian market. The subsidies are recognised when there is reasonable assurance that they will be recovered and the Company has complied with the conditions attached to receiving the subsidy. The subsidies are recognised as a reduction to the landing cost of the subsidised petroleum product in the year in which the Company makes the determination that all conditions have been met and the amount will be recovered. Where the amounts relate to interest and foreign exchange differentials, they are recognised in profit or loss when there is reasonable assurance that the amounts will be recovered. Refer to Note 4.3 for additional details on subsidy.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.18 Operating Profit

Operating profit is the result generated from the continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes.

### 4.19 Measurement of fair values

Some of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The Final Account Manager (FAM) has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Board of Directors.

The FAM regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the FAM assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Audit Committee and the Board of Directors.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### 4.20 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.21 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.

#### A. As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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 end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is 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.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. 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, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. 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. The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

#### Short-term leases

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### B. As a lessor

The Company leases out trucks to its transporters and these are classified as finance leases.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease and regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Company recognises lease payments received under operating leases as income on a straightline basis over the lease term as part of 'other income'.

Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 5 Seasonality and Segment Reporting

#### Seasonality of Operations

The Company's operations are such that revenue and cost are not affected by the impact of seasonality.

#### Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board has given the Company's Chief Executive Officer (CEO) the power to assess the financial performance and position of the Company, allocate resources and make strategic decisions. Segment reports that are reported to the CEO includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

#### Products and services from which reportable segments derive their revenues

Information reported to the Company's CEO for the purposes of resource allocation and assessment of segment performance is focused on the sales channels for the company's products (petroleum products, lubricants and others). The principal sales channels are Network, General Trade and Aviation. The Company's reportable segments under IFRS 8 are therefore as follows: Network, General Trade and Aviation.

The following summary describes the operations of each reportable segment.

Reportable Segment	Operations
Network	Sales to service stations
General Trade	Sales to corporate customers excluding customers in the aviation industry
Aviation	Sales to customers in the aviation industry

Segment revenue reported below represents revenue generated from external customers. There were no inter-segment sales in the current year (2019: Nil). Performance is measured based on segment which correspond with IFRS amounts in the Financial Statement.

#### 5.1 Segment profit or loss (key items)

30 September 2021							
		NETWORK		GENERAL TRADE		AVIATION	TOTAL
		₦'000		₦'000		₦'000	₦'000
Revenue	53%	128,378,852	37%	89,622,972	10%	24,222,425	242,224,249
- Petroleum products	49%	88,617,869	38%	67,856,459	13%	24,222,425	180,696,753
- Lubricant and others	65%	39,760,983	35%	21,766,514	0%	-	61,527,497
Gross profit	55%	22,321,874	34%	13,798,977	11%	4,464,375	40,585,225
- Petroleum products	43%	9,107,462	36%	7,546,929	21%	4,464,375	21,118,766
- Lubricant and others	68%	13,214,412	32%	6,252,049	0%	-	19,466,461
Finance income	36%	124,625	62%	214,632	2%	6,924	346,181
Finance costs	62%	(790,077)	35%	(446,011)	3%	(38,229)	(1,274,317)
Minimum taxation	0%	-	0%	-	0%	-	-
Income taxation	30%	(1,901,144)	52%	(3,295,315)	18%	(1,140,686)	(6,337,145)
Impairment loss on trade receivable	5%	(5,576)	95%	(105,939)	0%	-	(111,515)
Depreciation	93%	(3,436,965)	7%	(258,696)	0%	-	(3,695,661)
Amortisation	92%	(31,735)	6%	(2,760)	2%	(690)	(34,495)
Depreciation of Right-of-use asset	65%	(928,121)	35%	(499,757)	0%	-	(1,427,878)

30 September 2020							
		NETWORK		GENERAL TRADE		AVIATION	TOTAL
		₦'000		₦'000		₦'000	₦'000
Revenue	71%	107,712,071	24%	36,409,714	6%	9,102,429	151,707,143
- Petroleum products	72%	84,742,700	20%	23,511,238	8%	9,102,429	117,356,367
- Lubricant and others	64%	22,969,371	36%	12,898,477	0%	-	35,867,848
Gross profit	76%	16,080,195	25%	5,271,036	-2%	(321,690)	21,029,541
- Petroleum products	91%	7,089,435	13%	1,021,812	-4%	(321,690)	7,789,557
- Lubricant and others	68%	8,990,760	32%	4,249,225	0%	-	13,239,985
Finance income	86%	1,889,625	9%	197,751	5%	109,862	2,197,238
Finance costs	87%	(2,232,282)	8%	(205,267)	5%	(128,292)	(2,565,841)
Minimum taxation	30%	(49,364)	106%	(174,419)	-36%	59,237	(164,546)
Income taxation	30%	(74,466)	106%	(263,114)	-36%	89,360	(248,221)
Impairment loss on trade receivable	75%	(225,764)	10%	(30,102)	15%	(45,153)	(301,018)
Depreciation	95%	(3,376,026)	5%	(177,686)	0%	-	(3,553,712)
Amortisation	94%	(7,640)	6%	(487)	0%	-	(8,128)
Depreciation of Right-of-use asset	95%	(1,115,375)	5%	(58,704)	0%	-	(1,174,079)

**TOTALENERGIES MARKETING NIGERIA PLC**
**NOTES TO THE FINANCIAL STATEMENTS**
**5.2 Segment assets and liabilities**

30 September 2021							
		<b>NETWORK</b>		<b>GENERAL</b>		<b>AVIATION</b>	<b>TOTAL</b>
		<b>₦'000</b>		<b>TRADE</b>		<b>₦'000</b>	<b>₦'000</b>
				<b>₦'000</b>			
Non-current assets	76%	32,709,108	19%	8,177,277	5%	2,151,915	43,038,301
Current tax assets	73%	556,928.00	20%	152,583.00	7%	53,404	762,915
Inventories	73%	21,637,234	20%	5,928,009	7%	2,074,803	29,640,047
Receivables and prepayments	73%	46,502,599	20%	12,740,438	7%	4,459,153	63,702,191
Cash and cash equivalents <sup>1</sup>	53%	32,154,350	37%	22,447,376	10%	6,066,859	60,668,585
<b>ASSETS</b>		<b>133,560,219</b>		<b>49,445,683</b>		<b>14,806,135</b>	<b>197,812,039</b>
Addition to non-current assets	76%	(3,239,069)	19%	(809,767)	5%	(213,097)	(4,261,933)
Payables, deferred income, employee benefits and current tax liabilities	73%	88,719,669	20%	24,306,759	7%	8,507,366	121,533,793
Borrowings <sup>1</sup>	53%	17,107,876	37%	11,943,234	10%	3,227,900	32,279,010
Non-current liabilities (less non-current portion of lease liabilities)	55%	2,874,055	34%	1,776,689	11%	574,812	5,225,557
Lease liabilities	100%	631,992	0%	-	0%	-	631,992
<b>LIABILITIES</b>		<b>109,333,592</b>		<b>38,026,682</b>		<b>12,310,078</b>	<b>159,670,352</b>

31 December 2020							
		<b>NETWORK</b>		<b>GENERAL</b>		<b>AVIATION</b>	<b>TOTAL</b>
		<b>₦'000</b>		<b>TRADE</b>		<b>₦'000</b>	<b>₦'000</b>
				<b>₦'000</b>			
Non-current assets	76%	35,948,177	19%	8,987,044	5%	2,365,012	47,300,234
Current tax assets	73%	884,923.00	20%	242,445.00	7%	84,856	1,212,223.00
Inventories	73%	15,782,553	20%	4,323,987	7%	1,513,396	21,619,936
Receivables and prepayments	73%	31,000,337	20%	8,493,243	7%	2,972,635	42,466,215
Cash and cash equivalents <sup>1</sup>	70%	21,657,221	24%	7,425,683	6%	1,931,374	31,014,277
<b>ASSETS</b>		<b>105,273,211</b>		<b>29,472,402</b>		<b>8,867,273</b>	<b>143,612,885</b>
Addition to non-current assets	76%	211,141	19%	52,785	5%	13,891	277,817
Payables, deferred income, employee benefits and current tax liabilities	73%	55,983,447	20%	15,337,931	7%	5,368,276	76,689,653
Borrowings <sup>1</sup>	70%	22,774,531	24%	7,808,778	6%	2,031,014	32,614,323
Non-current liabilities (less non-current portion of lease liabilities)	73%	3,755,735	26%	1,321,345	1%	67,764	5,144,844
Lease liabilities	100%	1,013,086	0%	-	0%	-	1,013,086
<b>LIABILITIES</b>		<b>83,526,799</b>		<b>24,468,054</b>		<b>7,467,054</b>	<b>115,461,906</b>

<sup>1</sup>For the purpose of monitoring segment performance and allocating resources between segments, cash and borrowings are allocated to reportable segments on the basis of the revenues earned by individual segments.

**5.3 Geographic information**

The Company is domiciled in Nigeria. During the year, no products were sold to any of its affiliates in Congo, Cameroon, Niger and Gabon. The geographic information analyses the Company's revenue and cost of sales by the Company's country of domicile and other countries. No customer accounted for more than 10% of revenue in the period ended (2020: Nil).

The Company does not hold non-current assets in these foreign countries.



# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED

### 6 Revenue

Revenue generated from the Company's revenue streams are as follows;

	<u>30 September 2021</u>	<u>30 September 2020</u>
	<u>₦'000</u>	<u>₦'000</u>
Petroleum products	180,696,753	117,356,367
Lubricants and others	61,527,497	35,867,848
	<u>242,224,250</u>	<u>153,224,215</u>

The above revenue streams are recognised at a point in time.

### 7 Auditor's remuneration

The analysis of auditors' remuneration is as follows:

	<u>30 September 2021</u>	<u>30 September 2020</u>
	<u>₦'000</u>	<u>₦'000</u>
Statutory audit fees	40,588	45,329
Total audit fees	40,588	45,329
Other services <sup>1</sup>	-	-
Total fees	<u>40,588</u>	<u>45,329</u>

<sup>1</sup>Other services relates to the review of the summary financial information included in the Commercial Paper Programme Memorandum.

### 7.1 Fees paid to professional consultants

	<u>30 September 2021</u>	<u>30 September 2020</u>
	<u>₦'000</u>	<u>₦'000</u>
Tax services	101,161	99,717
Information technology services	910,957	554,457
Litigation services	83,247	31,395
Recruitment and remuneration services	2,943	6,613
Air Total International subrogation fees	40,335	32,646
Product supply fees and certifications	324,876	151,833
Other services	62,613	98,080
	<u>1,526,133</u>	<u>974,741</u>

### 8 Net finance costs

	<u>30 September 2021</u>	<u>30 September 2020</u>
	<u>₦'000</u>	<u>₦'000</u>
<b>Finance income:</b>		
Petroleum Subsidy Fund (PSF)	-	2,038,435
Petroleum Products Pricing Regulatory Agency	-	-
Interest on unclaimed dividend	22,022	45,016
Interest on loans and receivables	158,634	97,741
Interest on deposits	165,525	16,046
Total finance income	<u>346,181</u>	<u>2,197,238</u>
<b>Finance costs:</b>		
Interest on lease liabilities	(196,195)	(114,399)
Interest on import loans	(33,278)	(569,090)
Interest on bank overdrafts	(133,322)	(1,882,352)
Interest on other loans	(911,522)	-
Total finance costs	<u>(1,274,317)</u>	<u>(2,565,841)</u>
Net finance (costs)/ Income	<u>(928,136)</u>	<u>(368,603)</u>

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

<b>9 Other income</b>		<b>30 September</b>	<b>30 September</b>
		<b>2021</b>	<b>2020</b>
		<b>₦'000</b>	<b>₦'000</b>
<b>9.1 Other income</b>			
Network income <sup>1</sup>		1,704,282	1,126,959
Gain on disposal of property, plant and equipment		77,851	25,341
Net foreign exchange gain		1,871,447	-
		<u>3,653,580</u>	<u>1,152,300</u>

<sup>1</sup>Network income represents income from Bonjour shop, rent, vendor management fees and other miscellaneous income.

		<b>2021</b>	<b>2020</b>
		<b>₦'000</b>	<b>₦'000</b>
<b>9.2 Other Expenses</b>			
Net foreign exchange loss		-	301,609
		<u>-</u>	<u>301,609</u>

<b>10 Expenses by nature</b>		<b>30 September</b>	<b>30 September</b>
		<b>2021</b>	<b>2020</b>
		<b>₦'000</b>	<b>₦'000</b>
Net changes in inventory of lubes, greases and refined products		198,394,835	128,613,508
Custom duties		2,710,776	927,314
Transport of supplies		533,413	1,136,780
Selling & distribution costs		2,433,791	2,407,489
Staff costs (Note 32(iii))		8,067,396	7,164,980
Depreciation (Note 16)		3,695,661	3,553,712
Depreciation - Right-of-use asset (Note 17 (i))		1,427,878	1,174,079
Amortisation of software (Note 15)		34,495	8,128
Rent		181,390	125,215
Technical assistance and management fees (Note 31.2)		2,704,713	2,360,194
Maintenance expenses		1,148,444	868,592
Motor fuels and travelling expenses		637,284	546,603
Communication, computer and stationery expenses		278,255	237,898
Bank charges		30,110	27,512
Business promotion and publicity		81,078	299,711
Other expenses		44,939	33,277
Security & guarding		213,083	209,977
Write back of impairment allowance		-	(266,145)
Fees paid to professional consultants (Note 7.1)		1,526,133	974,741
Purchase of consumables		123,153	47,183
Insurance		183,628	192,092
Service charge		112,207	39,267
Levies		315,488	88,986
Entertainment expenses		38,583	28,674
Engineering studies		157,611	130,232
Auditor's Remuneration (Note 7)		40,588	45,329
Total cost of sales, selling & distribution costs and administrative expenses		<u>225,114,932</u>	<u>150,975,328</u>

Analyzed in the statement of profit and loss and other comprehensive income as follows;

		<b>2021</b>	<b>2020</b>
		<b>₦'000</b>	<b>₦'000</b>
Cost of sales		201,639,024	130,677,602
Selling & distribution		2,433,791	2,407,489
Administrative expenses		21,042,117	17,890,237
		<u>225,114,932</u>	<u>150,975,328</u>

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 11 Company Income Tax

#### Income tax expense

The tax charge for the year has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes and comprises:

#### Minimum Tax

The Company has applied the provisions of the Companies Income Tax Act and the Finance Act 2020 that mandates a minimum tax assessment, where a tax payer's tax liability based on taxable profit is less than the minimum tax liability. The Company's assessment based on the minimum tax legislations for the period ended 30 September 2021 is nil (30 September 2020; ₦164.56 million) See Note 11.1.3. □

The Directors believe that the tax liabilities recognised represents best estimate based on their interpretation of the tax law.

#### 11.1.1 Amounts recognised in profit or loss

	30 September 2021	30 September 2020
	₦'000	₦'000
<b>Current tax expenses:</b>		
Company Income Tax (CIT)	5,757,871	599,753
Tertiary Education Tax (TET)	519,375	118,160
Capital gains tax	7	22
Nigeria Police Trust Fund Levy (NPTF) <sup>1</sup>	130	48
Current year tax expense	<u>6,277,383</u>	<u>717,983</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences (Note 11.3)	59,762	(469,762)
	<u><b>6,337,145</b></u>	<u><b>248,221</b></u>

#### 11.1.2 Reconciliation of effective tax rate

	30 September 2021	30 September 2020
	₦'000	₦'000
<b>Profit before tax</b>	<b>19,723,246</b>	<b>912,886</b>
Income tax using the statutory tax rate (30%)	5,916,974	273,866
Effect of tertiary education tax rate (2%)	394,465	18,258
Capital gains tax	7	22
Nigeria Police Trust Fund Levy (NPTF)	130	48
Non-deductible expenses	8,507	308,361
Non-taxable income	(24,913)	(8,109)
Tax incentives	(6,510)	(621,695)
Changes in prior year estimate	-	(120,396)
Other differences	(26,118)	327,300
Difference in CIT and TET rates	74,603	70,567
	<u><b>6,337,145</b></u>	<u><b>248,221</b></u>

<sup>1</sup> The Nigerian Police Trust Fund (Establishment) Act, 2019 imposes a levy of 0.005% of the net profit of companies operating business in Nigeria.

#### 11.1.3 Minimum tax payable by the company

	30 September 2021	30 September 2020
	₦'000	₦'000
Gross turnover	243,981,483	152,859,803
Minimum tax @ 0.25% (2020: 0.5%)	<u><b>609,954</b></u>	<u><b>764,299</b></u>
Companies income tax expense	5,757,871	599,753
Minimum tax	-	164,546
	<u><b>5,757,871</b></u>	<u><b>764,299</b></u>

#### 11.2 Movement in current tax liability

	30 September 2021	31 December 2020
	₦'000	₦'000
Balance as at 1 January	438,797	1,470,099
Net provision for the year (Note 11.1.1)	6,277,383	983,841
Payments during the year	(275,947)	(1,280,703)
Withholding tax utilization	-	(414,486)
Withholding tax credit notes	(707,852)	(319,954)
Balance as at 30 September	<u><b>5,732,381</b></u>	<u><b>438,797</b></u>

#### 11.2.1 Movement in Withholding tax

	30 September 2021	31 December 2020
	₦'000	₦'000
Balance as at 1 January	1,645,997	1,243,148
WHT Credit Notes received in the period	258,544	722,803
Withholding Tax used to offset CIT	(707,852)	(319,954)
Balance as at 30 September	<u><b>1,196,689</b></u>	<u><b>1,645,997</b></u>
<b>Analysed as</b>		
Current	762,915	1,212,223
Non-current	433,774	433,774
	<u><b>1,196,689</b></u>	<u><b>1,645,997</b></u>

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 11.3 Deferred taxation

Deferred tax assets and liabilities are attributable to the following;

	Assets		Liabilities		Net	
	30 September	31 December	30 September	31 December	30 September	31 December
	2021	2020	2021	2020	2021	2020
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	-	-	(5,924,465)	(5,077,938)	(5,924,465)	(5,077,938)
Provision for doubtful debts	449,577	416,607	-	-	449,577	416,607
Provision for employee benefits	233,373	226,669	-	-	233,373	226,669
Provision for inventory	24,583	-	-	-	24,583	-
Lease provisions	42,556	22,926	-	-	42,556	22,926
Net unrealised foreign exchange differences	-	-	610,944	(91,934)	610,944	(91,934)
	<b>750,089</b>	<b>666,202</b>	<b>(5,313,521)</b>	<b>(5,169,872)</b>	<b>(4,563,432)</b>	<b>(4,503,670)</b>

Movement in deferred tax balances during the year;

	Balance	Recognised in profit or loss	Balance	Recognised in profit or loss	Balance
	1 January		31 December		30 September
	2020		2020		2021
	₦'000	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	(5,114,649)	12,128	(5,102,521)	(821,945)	(5,924,466)
Provision for doubtful debts	343,630	72,977	416,607	32,970	449,577
Provision for employee benefits	205,073	21,595	226,668	6,705	233,373
Provision for inventory	24,583	-	24,583	-	24,583
Lease provisions	11,865	11,061	22,926	19,630	42,556
Net unrealised foreign exchange differences	(92,528)	595	(91,933)	702,878	610,945
	<b>(4,622,026)</b>	<b>118,356</b>	<b>(4,503,670)</b>	<b>(59,762)</b>	<b>(4,563,432)</b>

11.4 The charge for income tax in these financial statements is based on the provisions of the Companies Income Tax Act CAP C21 LFN 2004 (as amended), the Finance Act 2020, the tertiary education tax charge is based on the Tertiary Education Trust Fund Act, 2011 and the Nigeria Police Trust Fund (Establishment) Act 2019.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 12 Employee benefits

Employee benefits represents the Company's liability for:

a) Long service awards - Staff who have attained the milestones for the specified number of years of service in the Company (i.e. 10 years, 15 years and 20 years) are rewarded with cash and gift items as long service awards. An additional provision of ₦48.25 million has been made during the period ended 30 September 2021 (2020: Nil). See note 32 (iii). Payment of ₦15.92 million was made to qualifying employees during the period (2020: Nil)

b) Home ownership scheme - Under the home ownership scheme, qualifying staff are entitled to a grant which is a one-off payment upon tenth anniversary. No additional provision was made for the period ended 30 September 2021 (2020: Nil). Payment of ₦18.09 million was made to qualifying employees during the period (2020: Nil)

c) Post employment medical benefits - A post-retirement medical coverage is extended to ex-staff for five (5) years on early retirement or seven (7) years on normal retirement (i.e. at the retirement age of 60 years). An additional provision of ₦6.71 million was made for the period ended 30 September 2021 (2020: Nil). No payment was made to qualifying ex-employees during the period (2020: Nil)

Provision for employee benefits as at 30 September 2021 was ₦729.28 million (2020: ₦708.33 million) with a non-current portion of ₦662.13 million (2020: ₦641.17 million) and a current portion of ₦67.16 million (2020: ₦67.16 million).

The movement in the present value of the other long-term employee benefits was as follows:

	2021	2020
	₦'000	₦'000
Balance as at 1 January	708,333	640,855
Current service costs	54,960	120,873
Past service costs	-	-
Payment during the period	(34,009)	(53,395)
Balance as at 30 September	<u>729,284</u>	<u>708,333</u>
Amount recognised in profit or loss (Note 32 (iii))	<u>54,960</u>	<u>120,873</u>

### Actuarial Assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2021	2020
Discount rate	11%	11%
Inflation rate	13%	11%
Future salary growth	8%	10%
Future pension growth	0%	0%
Medical cost trend rate	<u>11%</u>	<u>11%</u>

These assumptions depict management's estimate of the likely future experience of the Company.

Due to unavailability of published reliable demographic data in Nigeria, the demographic assumptions regarding future mortality are based on the rates published in the A49/52 Ultimate Tables; jointly by the Institute and Faculty of Actuaries in the UK. The data were rated down by one year to more accurately reflect mortality in Nigeria as follows:

### Mortality in service

Sample age	2021	
	Number of deaths in year out of 10,000 lives	
25	8	
30	8	
35	9	
40	13	
45	23	

### 13 Dividends

#### Declared dividends

The following dividends were declared by the Company during the year.

	30 September 2021	31 December 2020
	₦'000	₦'000
<i>Final dividend</i>		
₦0.00 per qualifying ordinary share (2020: ₦6.08)	-	2,063,385
<i>Interim dividend:</i>		
₦4.00 per qualifying ordinary share (2020: ₦0.00)	1,358,087	-
	<u>1,358,087</u>	<u>2,278,192</u>

#### 13.1 Dividend payable

	30 September 2021	31 December 2020
	₦'000	₦'000
Balance as at 1 January	2,362,882	2,112,091
Final dividend (prior year)	2,063,385	2,278,192
Interim dividend (current year)	1,358,087	-
	<u>5,784,354</u>	<u>4,390,283</u>
Forfeited dividend (Note 13.1(a))	(26,078)	(46,002)
Dividend paid	(1,377,566)	(1,981,399)
Balance as at 30 September	<u>4,380,710</u>	<u>2,362,882</u>

(a) By the provision of Section 429 of the Companies and Allied Matters Act (CAMA), 2020, 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.

After the expiration of three months of the publication and notice, 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.

However, Section 60 (3) of the Finance Act 2020 provides that dividends of a public limited liability company quoted on the Nigerian Stock Exchange which has remained unclaimed for a period of six years or more from the date of declaring the dividend shall be immediately transferred to the Unclaimed Funds Trust Fund.

## TOTALENERGIES MARKETING NIGERIA PLC

### NOTES TO THE FINANCIAL STATEMENTS

#### 14 Earnings per share (EPS)

##### Basic earnings per share

Basic earnings per share of ₦39.38 (2020: ₦1.47) is based on profit attributable to ordinary shareholders of ₦13.439 billion (2020: ₦0.500 billion), and on the 339,521,837 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the year (2020: 339,521,837 ordinary shares).

The Company has no dilutive potential ordinary shares and as such, diluted and basic earnings/ (loss) per share are the same.

	<u>30 September 2021</u>	<u>30 September 2020</u>
<b>Earnings</b>		
Profit for the year attributable to shareholders (expressed in Naira)	13,386,100,935	500,118,544
<b>Number of shares</b>		
Weighted average ordinary shares of 50 kobo each	339,521,837	339,521,837
Basic profit per 50 kobo share (expressed in Naira)	39.43	1.47

The denominators for the purposes of calculating basic earnings per share are based on issued and paid ordinary shares of 50 kobo each as at 30 September 2021.

#### 15 Intangible assets

The movement on these accounts were as follows:

	<u>Computer software and software licensing</u>
<b>Cost</b>	<b>₦'000</b>
Balance as at 1 January 2020	430,836
Additions	145,382
Balance as at 31 December 2020	576,218
Balance as at 1 January 2021	576,218
Additions	27,606
Balance as at 30 September 2021	603,824
<b>Amortisation<sup>1</sup></b>	
Balance as at 1 January 2020	(419,106)
Charge for the year	(14,692)
Balance as at 31 December 2020	(433,798)
Balance as at 1 January 2021	(433,798)
Charge for the year	(34,495)
Balance as at 30 September 2021	(468,293)
<b>Carrying amount</b>	
<b>At 1 January 2020</b>	<b>11,730</b>
<b>At 31 December 2020</b>	<b>142,420</b>
<b>At 30 September 2021</b>	<b>135,531</b>

<sup>1</sup>Amortisation of intangible assets are included in administrative expenses in Profit or Loss. (See Note 10)  
There are no items of intangible assets restricted or pledged as security. There are also no contractual commitments to purchase any items of intangible assets as at year end.

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

16 Property, plant and equipment

The movement on these accounts were as follows:

	Land N'000	Buildings N'000	Plant, machinery and fittings N'000	Office equipment and furniture N'000	Computer equipment and other tangibles N'000	Motor vehicles N'000	Capital work in progress N'000	Total N'000
<b>Cost</b>								
Balance as at 1 January 2020	4,699,482	17,122,839	20,753,505	467,639	13,166,556	3,147,289	6,811,306	66,168,615
Additions	-	5,852	53,181	-	48,103	249,028	5,486,686	5,842,850
Transfers (Note 16.1)	68,580	1,878,162	2,726,062	20,527	1,180,704	73,698	(6,261,685)	(313,952)
Disposals	-	(96)	(150,409)	(63)	(10,318)	(36,750)	-	(197,636)
Balance as at 31 December 2020	<u>4,768,062</u>	<u>19,006,757</u>	<u>23,382,339</u>	<u>488,104</u>	<u>14,385,045</u>	<u>3,433,265</u>	<u>6,036,307</u>	<u>71,499,877</u>
Balance as at 1 January 2021	4,768,062	19,006,757	23,382,339	488,104	14,385,045	3,433,265	6,036,307	71,499,877
Additions	-	-	-	-	-	114,362	1,050,778	1,165,140
Transfers (Note 16.1)	23,339	520,470	1,693,506	18,933	834,450	263,651	(4,015,321)	(660,972)
Disposals	-	(3,256)	(251,881)	(1,210)	(70,891)	(44,953)	-	(372,191)
Balance as at 30 September 2021	<u>4,791,401</u>	<u>19,523,971</u>	<u>24,823,964</u>	<u>505,827</u>	<u>15,148,604</u>	<u>3,766,325</u>	<u>3,071,764</u>	<u>71,631,854</u>
<b>Accumulated depreciation and impairment</b>								
Balance as at 1 January 2020	(686,406)	(5,662,153)	(10,136,809)	(458,521)	(11,877,834)	(1,870,030)	-	(30,691,753)
Charge for the year	-	(880,296)	(1,714,713)	(20,261)	(1,687,742)	(488,881)	-	(4,791,893)
Eliminated on disposals	-	96	147,967	63	6,547	36,750	-	191,423
Balance as at 31 December 2020	<u>(686,406)</u>	<u>(6,542,353)</u>	<u>(11,703,555)</u>	<u>(478,719)</u>	<u>(13,559,029)</u>	<u>(2,322,161)</u>	<u>-</u>	<u>(35,292,223)</u>
Balance as at 1 January 2021	(686,406)	(6,542,353)	(11,703,555)	(478,719)	(13,559,029)	(2,322,161)	-	(35,292,223)
Charge for the year	-	(687,638)	(1,352,309)	(17,251)	(1,278,068)	(360,395)	-	(3,695,661)
Eliminated on disposal	-	3,181	126,117	33	195,648	44,953	-	369,932
Balance as at 30 September 2021	<u>(686,406)</u>	<u>(7,226,810)</u>	<u>(12,929,747)</u>	<u>(495,937)</u>	<u>(14,641,449)</u>	<u>(2,637,603)</u>	<u>-</u>	<u>(38,617,952)</u>
<b>Carrying amount</b>								
<b>At 1 January 2020</b>	<u>4,013,076</u>	<u>11,460,686</u>	<u>10,616,696</u>	<u>9,118</u>	<u>1,288,722</u>	<u>1,277,259</u>	<u>6,811,306</u>	<u>35,476,862</u>
<b>At 31 December 2020</b>	<u>4,081,656</u>	<u>12,464,404</u>	<u>11,678,784</u>	<u>9,385</u>	<u>826,016</u>	<u>1,111,104</u>	<u>6,036,307</u>	<u>36,207,654</u>
<b>At 30 September 2021</b>	<u>4,104,995</u>	<u>12,297,161</u>	<u>11,894,217</u>	<u>9,890</u>	<u>507,155</u>	<u>1,128,722</u>	<u>3,071,764</u>	<u>33,013,902</u>

No item of property, plant and equipment has been restricted or pledged as security.

During the year, the Company assessed the following cash generating units (CGUs) for impairment indicators: Network (white products and lubricants), plants and warehouse, depots and aviation depots. In carrying out the assessment, management allocated its land, buildings, leases and plant and machinery to the CGUs. The results of the assessment indicate that there are no impairment indicators in the year. No impairment was recognised on items of property, plant and equipment during the period (2020: Nil).

16.1 Transfers represent additions to other categories of PPE as well as from prior year's work-in-progress as they become completed.

Capital work in progress (CWIP) items include construction and other tangible asset awaiting completion. Major additions relate to upgrade of depot, acquisition of computer hardware, generators, motor vehicles, upgrade of information technology infrastructure, structural and civil upgrade of stations as well as integrity test of multi-product pipeline. Included in transfers from CWIP are intangible items and right-of-use assets for which lease arrangements were finalised.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 17 Leases as lessee (IFRS 16)

The Company leases service stations, storage facilities and staff buses. Service Station leases typically run for a period of 10 years, with an option to renew the lease after that date. Option to renew is not legally enforceable as it is not unilateral and requires the consent of both parties. Storage facilities leases runs for 5 years. Staff bus leases typically run for 5 years which is the useful life of the asset.

Service station leases entered into are usually combined leases of land and buildings. The Company leases residential spaces with contract terms of one year. These leases are short term. The Company has elected not to recognise right-of-use assets and lease liabilities for these leases. Information about leases for which the Company is a lessee is presented below:

#### i. Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as a separate line item on the statement of financial position.

	Leasehold buildings	Motor vehicles	Storage facilities	Total
	₦'000	₦'000		₦'000
<b>2021</b>				
Balance at 1 January	7,211,319	373,067	605,453	8,189,839
Additions to right-of-use assets	690,380	23,973	-	714,353
Depreciation charge for the year	(1,124,224)	(190,455)	(113,199)	(1,427,878)
<b>Balance at 30 September</b>	<b>6,777,475</b>	<b>206,585</b>	<b>492,254</b>	<b>7,476,314</b>
<b>2020</b>				
Balance at 1 January	6,805,383	719,662	-	7,525,045
Additions to right-of-use assets	1,671,300	-	756,609	2,427,909
Depreciation charge for the year	(1,265,364)	(313,663)	(151,156)	(1,730,183)
Derecognition of right-of-use assets	-	(32,932)	-	(32,932)
<b>Balance at 31 December</b>	<b>7,211,319</b>	<b>373,067</b>	<b>605,453</b>	<b>8,189,839</b>

#### ii. Amounts recognised in profit or loss

	2021	2020
	₦'000	₦'000
Interest on lease liabilities	(196,195)	(114,399)
Depreciation	(1,427,878)	(300,241)

#### iii. Amounts recognised in statement of cash flows

	2021	2020
	₦'000	₦'000
Additions to right-of-use assets	(714,353)	-
Interest on lease liabilities	(196,195)	(114,399)
Payments on lease liabilities	(388,478)	(463,622)
Total cash outflow for leases	(1,299,026)	(578,021)



# TOTAL ENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### iv. Extension options

The Company's service station lease agreements contain extension options exercisable by the Company. Where practicable, the Company seeks to include extension options in its leases to provide operational flexibility. The extension options held are exercisable only by the Company but require the consent of the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options because the Company usually prepays its station leases for about 7 -10 years and due to the fact that the decision to renew is usually based on the results of an economic evaluation of each individual service station performance to determine if it is financially viable to extend the lease. The directors have concluded that it is not reasonably certain at commencement of the leases to determine whether or not the leases will be renewed.

The Company has estimated that there are no potential future lease payments as its current assessment is that it is not probable that the lease extension option would be exercised.

The Company also estimates that obligations arising from termination of the lease are insignificant as moveable assets are reassigned to other locations at minimal transport costs while immovable assets are expected to be fully depreciated at the end of the lease term.

### 17.1 Leases as lessor

The Company has lease arrangements with its transporters consisting of leased trucks. These leases are classified as a finance lease.

#### i. Finance lease

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	<b>30 September 2021</b>	<b>31 December 2020</b>
	<b>₦'000</b>	<b>₦'000</b>
Less than one year	150,323	268,266
One to two years	477,637	852,390
More than five years	172,783	308,347
<b>Total undiscounted lease receivable</b>	<b>800,742</b>	<b>1,429,003</b>
Unearned finance income	(71,213)	(127,086)
<b>Net investment in the lease</b>	<b>729,529</b>	<b>1,301,917</b>

## TOTALENERGIES MARKETING NIGERIA PLC

### NOTES TO THE FINANCIAL STATEMENTS

#### 18 Inventories

Inventories comprise:

	30 September 2021	31 December 2020
	₦'000	₦'000
Raw materials	8,912,016	4,318,892
Goods in transit	6,117,520	4,779,056
Finished goods	13,780,525	11,576,152
Consumable equipment and spares	829,986	945,836
	<b>29,640,047</b>	<b>21,619,936</b>

In 2021, inventories amounting ₦198.39 billion (2020: ₦128.61 billion) were recognised as an expense during the year and included in 'cost of sales'.

No item of inventory was pledged as securities for liabilities during the year.

#### 18.1 Movement in write down of inventories

	30 September 2021	31 December 2020
	₦'000	₦'000
Balance as at 1 January	569,767	505,559
Write down of inventory <sup>1</sup>	120,791	170,267
Reversal of write downs from previous periods <sup>2</sup>	-	(106,059)
Balance as at 30 September	<b>690,558</b>	<b>569,767</b>

<sup>1</sup>During the period, amounts of ₦120.8 million were written down and recognised in cost of sales. (2020: ₦170.3 million)

<sup>2</sup>Reversal of prior period write down arose because alternatives uses were found for the products.

#### 19 Trade and other receivables (Current)

	30 September 2021	31 December 2020
	₦'000	₦'000
Customers account	23,956,736	17,412,759
Due from related parties (Note 31.2)	587,461	1,636,219
<b>Total trade receivables</b>	<b>24,544,197</b>	<b>19,048,978</b>
Net investment in finance lease (Note 19.1.1)	129,465	231,042
Advance on letters of credit	161,111	167,143
Bridging claims	11,003,759	8,285,047
Due from regulators (government entities)	622,925	297,252
Unclaimed dividends	2,248,094	2,373,676
Employee receivables	513,549	1,089,442
Advance to supplier	21,449,073	9,057,700
Other receivables	2,080,389	785,483
<b>Total other receivables</b>	<b>38,208,365</b>	<b>22,286,785</b>
	<b>62,752,562</b>	<b>41,335,763</b>

#### 19.1 Trade and other receivables (Non-current)

Non-current portion of trade and other receivables comprise:

	30 September 2021	31 December 2020
	₦'000	₦'000
Employee receivables	1,258,152	714,546
Net investment in finance lease (Note 19.1.1)	600,065	1,070,875
Advance for PPE	120,563	541,126
	<b>1,978,780</b>	<b>2,326,547</b>

#### 19.1.1 Finance lease receivable

The Company leases transport equipment to some of its transporters under a finance lease arrangement. The lease term is between three to five years, with options to extend. The finance lease receivables at the end of the reporting year are neither past due nor impaired. At 30 September 2021, the carrying amount of leased equipment was ₦0.73 billion (2020: ₦1.30 billion). The carrying amount of the finance lease receivables approximates their fair value and may be analysed as follows:

	30 September 2021	31 December 2020
	₦'000	₦'000
Gross investment in finance lease receivable	800,742	1,429,003
Unearned finance income	(71,213)	(127,086)
Net investment in finance lease	<b>729,529</b>	<b>1,301,917</b>

#### Net investment in finance lease

	30 September 2021	31 December 2020
	₦'000	₦'000
Less than one year (Note 19)	129,465	231,042
Between one and five years (Note 19.1)	433,850	774,249
More than five years	166,214	296,626
	<b>729,529</b>	<b>1,301,917</b>

## TOTALENERGIES MARKETING NIGERIA PLC

### NOTES TO THE FINANCIAL STATEMENTS

19.2 As at 30 September 2021, the ageing of trade receivables that were not impaired was as follows:

	<u>30 September</u> <u>2021</u>	<u>31 December</u> <u>2020</u>
	<u>₦'000</u>	<u>₦'000</u>
Neither past due nor impaired	19,799,147	16,706,086
0 - 90 days past due	2,478,765	1,391,313
91 - 180 days past due	267,517	126,775
Above 180 days past due	1,998,768	824,804
	<u>24,544,197</u>	<u>19,048,978</u>

Management believes that the unimpaired amounts that are past due by more than 90 days are still collectible in full based on the historical payment pattern and extensive analysis of customer credit risk.

#### 19.3 Ageing of impairments

The Company considers its receivables to be impaired when normal collection methods, including the use of collection agents fail.

#### 20 Prepayments

	<u>30 September</u> <u>2021</u>	<u>31 December</u> <u>2020</u>
	<u>₦'000</u>	<u>₦'000</u>
<b>Current</b>		
Prepaid rent*	85,857	119,744
Prepaid insurance	45,147	179,973
Employee advances	818,625	830,735
<b>Total prepayments</b>	<u>949,629</u>	<u>1,130,452</u>

\*Prepaid rent are short-term leases for which the company has elected not to recognise as ROU asset

	<u>30 September</u> <u>2021</u>	<u>31 December</u> <u>2020</u>
	<u>₦'000</u>	<u>₦'000</u>
<b>21 Loans and borrowings</b>		
<b>(i) Current liabilities</b>		
Bank overdrafts (Note 24)	-	5,741,297
Commercial paper instrument	-	14,768,717
Short term intercompany loan	30,249,750	9,543,197
Trade finance loan	2,029,260	2,561,112
<b>Total borrowings</b>	<u>32,279,010</u>	<u>32,614,323</u>
<b>(ii) Lease liabilities</b>		
<b>Non-current portion of lease liabilities</b>	311,172	498,810
<b>Current portion of lease liabilities</b>	<u>320,820</u>	<u>514,276</u>
<b>Total lease liabilities</b>	<u>631,992</u>	<u>1,013,086</u>
<b>Total</b>	<u>32,911,002</u>	<u>33,627,409</u>



# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

22 Trade and other payables	30 September 2021 ₦'000	31 December 2020 ₦'000
<b>Trade payables :</b>		
Amount due to related companies (Note 31.2)	68,211,897	41,149,263
Trade creditors	2,485,136	3,099,333
Bridging contribution	11,031,983	7,487,961
Payable to Petroleum Support Fund	257,874	472,912
	<u>81,986,890</u>	<u>52,209,469</u>
<b>Other payables:</b>		
Sundry creditors	17,700,331	8,276,564
Security deposits	6,335,112	4,477,514
Accrued liabilities	2,292,635	6,037,893
Dividend payable (Note 13.1)	4,380,711	2,362,882
Pay As You Earn (PAYE)	56,891	92,086
Staff pension	12,275	28,992
	<u>30,777,955</u>	<u>21,275,931</u>
<b>Total trade and other payables</b>	<u>112,764,845</u>	<u>73,485,400</u>

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs.

Accrued liabilities principally comprise accrual for product bills and other charges for which invoices were not yet received at the end of the year.

The Directors consider that the carrying amount of trade payables as at 30 September 2021 approximates their fair value. Information about the Company's exposure to currency and liquidity risks is included in Note 27(iii).

22.2 Deferred income (current)	30 September 2021 ₦'000	31 December 2020 ₦'000
Contract liabilities	2,953,312	2,686,715
Rental services	3,880	1,030
Advance received for solar distribution	12,216	10,552
	<u>2,969,408</u>	<u>2,698,297</u>

The deferred income represents amounts billed and collected in accordance with contractual terms in advance of when the goods are delivered or services rendered. These advance payments primarily relate to the rental income and contract liabilities. Contract liabilities primarily relate to the advance consideration received from customers for the sale of goods, for which revenue is recognised once the goods are delivered and have been accepted in the customers premises or picked up by the customer. The Company estimates this will be earned as revenue during the subsequent financial years.

23 Share capital	30 September 2021 ₦'000	31 December 2020 ₦'000
<b>Authorised, Issued and fully paid:</b>		
339,521,837 ordinary shares of 50 kobo each	169,761	169,761

All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

24 Cash and cash equivalents	30 September 2021 ₦'000	31 December 2020 ₦'000
Bank and cash balances	38,575,850	4,214,918
Cash on hand	13,725	10,603
Cash balances with Total Treasury (Note 31.2)	22,079,010	26,788,756
Cash & cash equivalents in statement of financial position	60,668,585	31,014,277
Bank overdrafts (Note 21)	-	(5,741,297)
Cash & cash equivalents in statement of cash flows	<u>60,668,585</u>	<u>25,272,980</u>

The Company classifies amounts held with Total Treasury as cash and cash equivalents because they can be withdrawn at any time without penalties.

## TOTALENERGIES MARKETING NIGERIA PLC

### NOTES TO THE FINANCIAL STATEMENTS

#### 25 Commitments and contingent liabilities Financial commitments

The Company did not charge any of its assets to secure liabilities of third parties.

The Directors are of the opinion that all known liabilities and commitments have been taken into account in the preparation of these financial statements. These liabilities are relevant in assessing the Company's state of affairs.

	<b>30 September 2021</b>	<b>31 December 2020</b>
<b>Bonds</b>	<b>₦'000</b>	<b>₦'000</b>
Total commitments given	3,000,350	3,000,350
Total commitments received	250,000	350,000

Commitments given primarily include guarantee to Pipelines and Products Marketing Company Limited (PPMC) for bulk purchase of petroleum products. No losses are anticipated in respect of these.

Commitments received include customers' guarantees.

Commitments received and given are held with local banks.

At 30 September 2021, the Company had contractual commitments for the acquisition of property, plant and equipment amounting to ₦1.69 billion (2020: ₦1.19 billion).

#### Contingent liabilities

There are contingent liabilities in respect of legal actions against the Company amounting to approximately ₦1.257 trillion (2020: ₦1.268 trillion). The Directors have not made provisions for these contingent liabilities as consultations have been made with the in-house legal team led by Olubunmi Popoola-Mordi - (FRC/2013/ICSAN/0000002042). The in-house legal team which holds regular discussions and obtains expert opinion from the Company's external solicitors (on a need basis). Based on all information available as at date of issue of these financial statements (including historical reference these cases), Mrs Popoola-Mordi has concluded that no material losses will crystallise against the Company.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 26 Capital management

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

The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 21, cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings.

The Company is not subject to any externally imposed capital requirements.

#### Gearing ratio

Gearing ratio is net debt to equity ratio.

	<b>30 September 2021</b>	<b>31 December 2020</b>
	<b>₦'000</b>	<b>₦'000</b>
Borrowings (Note 21)	32,279,010	32,614,323
Cash and cash equivalents (Note 24)	(60,668,585)	(31,014,277)
Lease liabilities (Note 21)	631,992	1,013,086
Net debt	<u>(27,757,583)</u>	<u>2,613,132</u>
Equity	<u>38,141,687</u>	<u>28,150,979</u>
Net debt to equity ratio	<u>-0.67:1</u>	<u>0.09:1</u>

Net debt is expressed as an aggregate of lease liabilities, long and short-term borrowings less cash and cash equivalents.

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

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 27 Financial risk management

#### (i) Financial risk management objectives

The Company's Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk), credit risk and liquidity risk.

The Company's Treasury function reports monthly to the Group's Treasury, a section of the Group that monitor's risk and policies implemented to mitigate risk exposures.

#### (ii) 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 optimising the return.

The Company manages market risks by keeping costs low through various cost optimisation programs. Moreover, market developments are monitored and discussed regularly, and mitigating actions are taken where necessary. As part of the company's strategy to manage interest rate risk, a ₦30 billion domestic Commercial Paper (CP) issuance programme for a three-year period was established in December 2020 under which commercial paper notes denominated in Naira, in separate series or tranche may be issued from time to time to meet the working capital needs of the Company. All debt instrument issued are unsecured and are for a period between 90 - 365 days

#### Interest rate risk management

The Company is exposed to interest rate risk as it borrows funds at multiple interest rates. The risk is 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.

#### *Interest rate risk*

#### *Sensitivity analysis*

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

	<u>30 September</u> <u>2021</u> <u>₦'000</u>	<u>31 December</u> <u>2020</u> <u>₦'000</u>
<b>Variable rate instruments</b>		
Borrowings (Note 21)	32,279,010	17,845,606
Lease liabilities (Note 21 (ii))	631,992	1,013,086
	<u>32,279,010</u>	<u>17,845,606</u>



# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 27 Financial Risk Management (cont'd)

#### Foreign exchange risk management

The Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective currencies of the Company. The functional currency of the Company is the Nigerian Naira. The Company also transacts in United States Dollars (USD), Euros, Great British Pounds (GBP) and Swiss Franc (CHF).

A movement in the exchange rate either positively or negatively by 30 percent is illustrated below. Such movements would have increased (decreased) the profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting year. The analysis assumes that all other variables, in particular interest rates, remain constant.

As at 30 September 2021

	Foreign currency	Naira balance	Exchange rate	Effect of increase/decrease in exchange rate	
	'000	'000			₦'000
<b>Trade receivables</b>					
USD	1,493	672,597	450.50	'30%	201,779
Euro	-	-	521.05	'30%	-
<b>Cash deposits</b>					
USD	52,858	23,812,529	450.50	'30%	7,143,759
EURO	147	76,594	521.05	'30%	22,978
<b>Trade payables</b>					
USD	(49,527)	(22,311,914)	450.50	'30%	(6,693,574)
EURO	(946)	(492,913)	521.05	'30%	(147,874)
CHF	(1)	(526)	441.09	'30%	(24,485)
<b>Net impact on profit or loss</b>					
USD	4,824	2,173,212	450.50	30%	651,963
EURO	(799)	(416,319)	521.05	30%	(124,897)
CHF	(1)	(526)	441.09	30%	(24,485)

As at 31 December 2020

	Foreign currency	Naira balance	Exchange rate	Effect of increase/decrease in exchange rate	
	'000	'000			₦'000
<b>Trade receivables</b>					
USD	4,087	1,556,411	380.82	'30%	466,923
Euro	(1)	(463)	462.72	'30%	(139)
<b>Cash deposits</b>					
USD	78,732	29,982,720	380.82	'30%	8,994,816
EURO	133	61,542	462.72	'30%	18,463
<b>Trade payables</b>					
USD	(47,954)	(18,261,842)	380.82	'30%	(5,478,553)
EURO	(4,526)	(2,094,271)	462.72	'30%	(628,281)
CHF	(192)	(81,618)	425.09	'30%	(24,485)
<b>Net impact on profit or loss</b>					
USD	34,865	13,277,289	380.82	30%	3,983,186
EURO	(4,394)	(2,033,192)	462.72	30%	(609,959)
GBP	(192)	(81,618)	425.09	30%	(24,485)

A decrease in exchange rate by 30 percent (2020: 30 percent) against the above currencies at the reporting year would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

\*These exchange rates have been derived by computing the weighted average of the CBN intervention rate, Interbank rate, and NAFEX which represents the Company's expected pattern of realisation and settlement.

The following exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2021	2020	2021	2020
US\$ 1	400.66	373.58	450.50	380.82
Euro 1	474.64	416.96	521.05	462.72
CHF	441.09	400.28	441.09	425.09

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### Financial Risk Management (cont'd)

#### (iii) Liquidity risk management

##### Liquidity and interest risk tables

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 following tables detail the Company's remaining contractual maturity for its derivative and non-derivative financial liabilities with agreed repayment periods. The amounts are gross and undiscounted and include contractual interest payments.

		<b>Contractual cashflows</b>					
		<b>Carrying amount</b>	<b>Total</b>	<b>Less than 1 month</b>	<b>1 to 3 months</b>	<b>3 months to 1 year</b>	<b>More than 1 year</b>
		<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
<b>As at 30 September 2021</b>							
Borrowings	(Note 21)	32,279,010	32,279,010	-	24,716,573	7,562,438	-
Trade payables	(Note 22)	81,986,890	81,986,890	2,485,136	68,469,771	11,031,983	-
Other payables <sup>1</sup>	(Note 22)	30,619,354	30,619,354	10,947,700	10,286,002	9,385,652	-
Lease liabilities	(Note 21)	631,992	712,907	-	-	361,895	351,012
		<b>145,517,246</b>	<b>145,598,161</b>	<b>13,432,837</b>	<b>103,472,345</b>	<b>28,341,968</b>	<b>351,012</b>
<b>31 December 2020</b>							
Borrowings	(Note 21)	32,614,323	32,845,606	15,284,494	2,561,112	15,000,000	-
Trade payables	(Note 22)	52,209,469	52,209,469	3,099,333	41,622,175	7,487,961	-
Other payables <sup>1</sup>	(Note 22)	21,091,042	21,091,042	7,540,930	7,085,143	6,464,969	-
Lease liabilities	(Note 21)	1,013,086	1,142,793	-	-	580,120	562,673
		<b>106,927,920</b>	<b>107,288,910</b>	<b>25,924,757</b>	<b>51,268,430</b>	<b>29,533,050</b>	<b>562,673</b>

<sup>1</sup>The amount of other payables does not include statute-based deductions (Pay As You Earn tax, Withholding tax and Value Added Tax payables).

The Company manages liquidity risk by maintaining reserves, monitoring forecasts of banking facilities and actual cash flows and matching the maturity profiles of financial assets and liabilities. Below is a listing of financing facilities that the Company has at its disposal to further reduce liquidity risk.

##### Financing facilities

Unsecured bank loans which are revolving trade loans with a tenure of one year and overdrafts payable at call are reviewed annually. Commercial papers are unsecured instruments which are payable at the expiration of their tenure.

	<b>2021</b>	<b>2020</b>
	<b>₦'000</b>	<b>₦'000</b>
Amount used	2,029,260	23,207,612
Amount unused <sup>1</sup>	101,470,740	92,792,388
Total Facilities	<b>103,500,000</b>	<b>116,000,000</b>

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### Financial Risk Management (cont'd)

#### (iv) Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers, employees and the government. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate e.g. security deposits, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information and its own trading records to rate its major customers. Credit exposure is controlled by setting credit limits that are routinely reviewed and approved by management.

The Company obtains bank guarantees in its favour for transactions with certain customers. These guarantees are held with Nigerian banks as a form of security in the event of a default.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities.

The credit policy of TotalEnergies Marketing Nigeria Plc. is set in accordance with the sales channel that the Customer

**Network Channel:** Credit is extended to dealers who operate the Company Owned, Dealer Operated Service Station (CODO) and some of the Dealer Owned, Dealer Operated service stations (DODO) who specifically apply to operate under the DODO credit scheme. Under both CODO and DODO credit schemes, credit is extended to each dealer to cover the working capital needs of the station. Each day's sales proceeds are lodged into the Company's bank accounts at least twice daily. The Company's financial risk exposure is covered by retentions from dealers income to increase the security deposit, as well as retention of title over physical stock in the station in the event of non-payment.

**General Trade (GT) Channel:** Credit for the GT customers is set at the monthly average sales to the customer for a year of one year or six months after proper financial and qualitative analysis. The approved credit limit is extended for 30 days or 45 days in rare occasions for blue chip companies.

**Aviation Channel:** Most of the customers are on a cash and carry basis with the exception of a few companies with 15 days credit limit. Credit is given only after a year of three months sales to the customer. Sales to international customers are based on a contract of one year and credit amount is based on expected turnover. Sales to international customers are guaranteed by Air Total International, a related party and the risk of loss in this circumstance is nil.

#### Cash and cash equivalents

The Company held cash and cash equivalents of ₦60.65 billion (net of cash on hand) at 30 September 2021 (2020: ₦25.26 billion) with banks and financial institutions with high credit ratings, rated B to AAA based on the Fitch rating agency and Total treasury.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short-term maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Company did not record any ECL impairment for the year. (2020: Nil).

#### Trade and other receivables

An analysis of the credit quality of trade receivables that are neither past due nor impaired is as follows;

##### As at 30 September 2021

	<u>Not Credit Impaired</u>	<u>Credit Impaired</u>	<u>Total</u>
	₦'000	₦'000	₦'000
Trade receivables	<u>19,799,147</u>	<u>4,745,050</u>	<u>24,544,197</u>

##### As at 31 December 2020

	<u>Not Credit Impaired</u>	<u>Credit Impaired</u>	<u>Total</u>
	₦'000	₦'000	₦'000
Trade receivables	<u>20,256,053</u>	<u>1,207,076</u>	<u>19,048,978</u>

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### Financial Risk Management (cont'd)

The maximum exposure to financial assets at the reporting date by type of counterparty was:

	<b>30 September</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>
	<b>₦'000</b>	<b>₦'000</b>
Customers	23,956,736	17,412,759
Due from related parties	587,461	1,636,219
Due from regulators (Government entities)	11,626,684	8,582,299
Other receivables	4,059,169	3,112,030
Cash and cash equivalent	60,654,860	25,262,377
	<b>100,884,910</b>	<b>56,005,684</b>

#### **Due from related parties**

The Company has transactions with its parent and other related parties who are related to the Company by virtue of being members of the Total Group. In the directors' view, all amounts are collectible. Related party receivable balances were assessed for ECL impairment, in accordance with IFRS 9. This assessment is performed together with the trade receivables balances from other customers as at year end.

#### **Due from regulators**

This comprises amount due from PPPRA with respect to subsidies/PSF receivables on imported products as well as amounts receivable from PEF with respect to bridging claims. Bridging claims receivables are usually netted off against the payables following reconciliations with PEF. There is no loss experience with government receivables as the determination of amounts due are based on existing regulations/ guidelines and impairment is only recognised when changes occur in the regulations/ guidelines that prohibit or limit recovery of previously recognised amounts. Therefore, the Company has recorded no loss experience with government receivable as this is always deemed receivable and the settlement pattern of the government is not defined or definite.

#### **Other receivables**

Other receivables include finance lease receivables, staff debtors and other sundry receivables. The Company reviews the balances due from this category on a yearly basis taking into consideration factors such as continued business/employment relationship and ability to offset amounts against transactions due to these parties. Where such does not exist, the amounts are impaired. Other receivables were assessed for impairment in accordance with IFRS 9.

The finance lease receivables represent amounts due from transporters and these receivables are offset against payments due to them for transport services provided. They are not considered to be impaired as they are receivable based on timelines stipulated in the contracts.

#### **Expected credit loss assessment for customers**

The Company has adopted the use of the simplified approach in computing impairment of trade receivables using the allowance matrix to measure the Expected Credit Loss (ECL) of trade receivables from individual customers.

In arriving at the impairment amounts, the trade receivables are segmented based on the aging characteristics of the receivables and the applicable loss rates are applied to the respective trade receivables category.

After an assessment of the economic realities in Nigeria, loss rates for the year were based on actual credit loss experience on a customer by customer basis over the past three years using the lifetime expected credit loss approach.

Therefore, the historical loss rates for 2018 and 2019 has been applied to the trade-receivables balances in the calculation of the 2020 impairment loss. The Company also considered internal and external forward-looking information such as macro-economic indices as the Gross Domestic Product growth rate and specific customer repayment outlooks based on discussions with and commitments from its customers.

Based on the above, loss rates on receivables that were not 180 days past due were calculated using a single default rate approach. The single default or loss rate approach is the amount that is expected to be written-off in each bucket (balances that are 180 days past due in line with the Company's provisioning matrix) and divided by the relevant total unpaid balances included in each ageing bucket.

The following table provides information about the exposure to credit risk and ECLs for trade receivables, contract assets from customers and amounts due from related parties as at 30 September 2021.

<b>30 September 2021</b>	<b>Weighted average</b>	<b>Gross carrying</b>	<b>Loss allowance</b>	<b>Credit</b>
	<b>loss ratio</b>	<b>amount</b>		<b>impaired</b>
		<b>₦'000</b>	<b>₦'000</b>	
Current (not past due)	1.16%	22,402,325	260,643	No
1 - 30 days past due	18.98%	1,320,970	250,783	No
31 - 60 days past due	19.24%	730,007	140,481	No
61 - 180 days past due	18.65%	695,305	129,641	No
180 - 360 days past due	37.91%	285,294	108,157	No
More than 360 days past due	100.00%	313,474	313,474	Yes
		<b>25,747,375</b> *	<b>1,203,178</b>	

## TOTALENERGIES MARKETING NIGERIA PLC

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2020	Weighted average loss ratio	Gross carrying amount	Loss allowance	Credit impaired
		N'000	N'000	
Current (not past due)	0.31%	16,757,605	51,520	No
1 - 30 days past due	12.88%	721,300	92,918	No
31 - 60 days past due	17.84%	558,403	99,628	No
61 - 180 days past due	8.28%	469,832	38,903	No
180 - 360 days past due	29.95%	841,352	251,998	No
More than 360 days past due	74.06%	907,561	672,111	Yes
		<u>20,256,053</u> *	<u>1,207,076</u>	

#### Credit risk (cont'd)

##### Expected credit loss assessment for employee receivables

30 September 2021	Weighted average loss ratio	Gross carrying amount	Loss allowance	Credit impaired
		N'000	N'000	
Current (not past due)	0.00%	1,771,701	-	No
		<u>1,771,701</u>	<u>-</u>	

31 December 2020	Weighted average loss ratio	Gross carrying amount	Loss allowance	Credit impaired
		N'000	N'000	
Current (not past due)	0.00%	1,803,988	-	No
		<u>1,803,988</u>	<u>-</u>	

Loss rates are based on actual credit loss experience over the past six years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the year over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

In current year, no impairment has been recognised on employee loan receivables as amounts due are backed by collateral which include international shares, in-house pension schemes etc. that ensure the Company will be able to recover the debts from its employees.

Movements in the allowance for impairment in respect of trade receivables.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows;

	Individual impairments	
	30 September 2021	31 December 2020
	N'000	N'000
Balance at 1 January	1,378,719	1,150,666
Reversal of impairment	(164,719)	(270,329)
Net remeasurement of loss allowance	267,750	498,382
<b>Balance at 30 September</b>	<u>1,481,750</u>	<u>1,378,719</u>
Amount recognised in profit or loss	<u>103,031</u>	<u>228,053</u>

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### Financial Risk Management (cont'd)

#### 28 Classification of financial instruments

##### (a) Accounting Classifications and fair values

The Directors consider that the fair value of financial assets and liabilities are not significantly different from their carrying values.

The classification of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are shown in the table below. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

##### As at 30 September 2021

	Carrying amount		Total N'000
	Loans and receivables N'000	Other financial liabilities N'000	
<b>Financial assets not measured at fair value</b>			
Trade and other receivables (Note 19) <sup>1</sup>	43,161,706	-	43,161,706
Cash and cash equivalents (Note 24)	60,668,585	-	60,668,585
	<u>103,830,291</u>	<u>-</u>	<u>103,830,291</u>

##### Financial liabilities not measured at fair value

Borrowings (Note 21)	-	32,279,010	32,279,010
Trade and other payables (Note 22) <sup>2</sup>	-	112,606,244	112,606,244
Lease liabilities (Note 21 (ii))	-	631,992	631,992
	<u>-</u>	<u>145,517,246</u>	<u>145,517,246</u>

##### As at 31 December 2020

	Carrying amount		Total N'000
	Loans and receivables N'000	Other financial liabilities N'000	
<b>Financial assets not measured at fair value</b>			
Trade and other receivables (Note 19) <sup>1</sup>	34,063,484	-	34,063,484
Cash and cash equivalents (Note 24)	31,014,277	-	31,014,277
	<u>65,077,761</u>	<u>-</u>	<u>65,077,761</u>

##### Financial liabilities not measured at fair value

Borrowings (Note 21)	-	32,614,323	32,614,323
Trade and other payables (Note 22) <sup>2</sup>	-	73,300,511	73,300,511
Lease liabilities (Note 21 (ii))	-	1,013,086	1,013,086
	<u>-</u>	<u>106,927,920</u>	<u>106,927,920</u>

<sup>1</sup> Trade and other receivables excludes advance to suppliers and PPE.

<sup>2</sup> Trade and other payables excludes statute based deductions.

#### 29 Assets pledged as security

As at the period ended 30 September 2021 there were no assets pledged as security (2020: Nil).

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

**30 Events after the reporting date**

There were no events after the reporting date that could have a material effect on the financial position of the Company at 30 September 2021 and on the result for the period ended on that date that have not been taken into account in these financial statements.

**31 Related party transactions**

As at the period ended 30 September 2021, the Parent Company TotalEnergies Marketing Services (incorporated in France) owned 61.72% of the issued shares of TotalEnergies Marketing Nigeria Plc. The Parent and Ultimate controlling entity is TotalEnergies S.A (incorporated in France).

**31.1 Transactions with related parties**

During the year, the Company entered into the following transactions with related parties, who are members of the TotalEnergies Group, as shown below:

	Sale of goods		Purchase of goods		Others	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Total Outre Mer	-	-	49,734,413	7,863,984	1,763,057	1,821,428
Total Oil Trading	-	-	-	-	-	-
TotalEnergies E&P Nigeria	1,654,276	2,228,017	-	-	-	-
TotalEnergies Upstream Nigeria Limited	-	-	-	-	668,090	-
Total Lubricants	128,219	199,891	-	-	-	-
Total Supply	-	-	-	116,429	17,931	-
Total Access to Solar	-	-	-	2,766	-	-
Total marketing middle east	-	-	-	503,904	-	-
Total Global Procurement	-	-	-	-	96,921	-
TotalEnergies Gestion International	-	-	-	-	444,652	419,746
Total Global Services	-	-	-	-	48,787	-
TotalEnergies Marketing Services	-	-	-	-	571,557	375,507
	<u>1,782,495</u>	<u>2,427,908</u>	<u>49,734,413</u>	<u>8,487,082</u>	<u>3,610,995</u>	<u>2,616,681</u>

**31.2 Outstanding balance**

The following amounts were outstanding at the reporting date:

	Amounts owed by related parties		Amounts owed to related parties	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	₦'000	₦'000	₦'000	₦'000
Total Outre Mer	-	-	66,534,899	30,356,751
Total Supply	-	-	-	32,960
TotalEnergies E&P Nigeria	453,110	1,396,551	-	-
TotalEnergies Learning Solutions	-	-	782	-
TotalEnergies Congo	44,714	44,714	-	-
TotalEnergies Cameroon	39,117	38,830	-	-
TotalEnergies Niger	2,256	2,256	-	-
TotalEnergies Gabon	2,526	2,526	-	-
TotalEnergies Gestion International	-	-	526	81,827
Total Access to Solar	-	11,955	-	-
Total Oil Trading	-	84,983	-	-
TotalEnergies Marketing Services	-	-	1,675,690	1,134,528
Total Lubricants	45,738	54,404	-	-
	<u>587,461</u>	<u>1,636,219</u>	<u>68,211,897</u>	<u>41,149,263</u>
Total Treasury <sup>1</sup>	<u>22,079,010</u>	<u>26,788,756</u>	<u>-</u>	<u>-</u>
	<u>22,666,471</u>	<u>28,424,975</u>	<u>68,211,897</u>	<u>41,149,263</u>

<sup>1</sup> Included in the analysis above is the balance of funds held with Total Treasury as at the period ended 30 September 2021; amounting to ₦ 22.08 billion (2020: ₦26.79 billion). This has however been classified along with cash and cash equivalents in the statement of financial position. See Note 24.

**Technical assistance and management fees**

TotalEnergies Marketing Services charges TotalEnergies Marketing Nigeria Plc for General Assistance recorded and Total Outre Mer charges TotalEnergies Marketing Nigeria Plc for Technical Assistance. The expenses are generally charged to profit or loss. During the period, an accrual of ₦2.705 billion (2020: ₦2.36 billion) was made in this regard.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 32 Information regarding employees

(i) The table below shows the number of staff of the Company whose emoluments during the year excluding pension contributions were within the ranges stated:

	<b>30 September 2021</b>	<b>30 September 2020</b>
	<b>Number</b>	<b>Number</b>
Below ₦1,500,000	2	3
₦1,500,001 - ₦2,500,000	1	-
₦2,500,001 - ₦3,500,000	-	-
₦4,500,001 - ₦5,500,000	1	6
₦5,500,001 - ₦6,500,000	4	7
₦6,500,001 - ₦7,500,000	8	15
₦7,500,001 - ₦8,500,000	5	30
₦8,500,001 - ₦9,500,000	20	92
₦9,500,001 - ₦10,500,000	14	42
₦10,500,001 - ₦11,500,000	40	65
₦11,500,001 - ₦12,500,000	56	34
₦12,500,001 - ₦13,500,000	36	40
₦13,500,001 - ₦14,500,000	50	20
₦14,500,001 - ₦15,500,000	30	20
₦15,500,001 and above	167	65
	<b>434</b>	<b>439</b>

(ii) The average number of persons employed in the financial year and the staff costs were as follows:

	<b>30 September 2021</b>	<b>30 September 2020</b>
	<b>Number</b>	<b>Number</b>
Managerial staff	132	128
Senior staff	286	295
Junior staff	16	16
	<b>434</b>	<b>439</b>

(iii) The related staff cost amounted to ₦8.08 billion (2020: ₦7.16 billion).

Staff costs relating to the above were:

	<b>30 September 2021</b>	<b>30 September 2020</b>
	<b>₦'000</b>	<b>₦'000</b>
Salaries and wages	5,950,374	5,131,659
Termination benefits	2,500	33,377
Pension and social benefit	503,541	454,565
Medical expenses	373,903	707,802
Training expenses	84,732	69,621
Provision for employee benefits	54,960	-
Other Staff Expenses	335,741	79,027
Temporary Staff	761,645	688,929
<b>Total staff cost</b>	<b>8,067,396</b>	<b>7,164,980</b>

### Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) TotalEnergies Marketing Nigeria Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's securities. The Policy is periodically reviewed by the Board and updated. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the year under review.