MRS Oil Nigeria Plc

2023 2nd Quarter Financial Statements

Corporate information

RC 6442

Board of directors	Mr. Patrice Alberti	Chairman
	Mr. Marco Storari	Managing Director
	Ms. Amina Maina	Non Executive Director
	Mr. Matthew Akinlade	Independent Director
	Sir. Sunday Nnamdi Nwosu	Non Executive Director
	Chief Sir Amobi Daniel Nwokafor	Non Executive Director
	Mrs Priscilla Ogwemoh	Non Executive Director

Registered office
2, Tincan Island
Apapa
Lagos

Company secretary
Mrs. O.M. Jafojo
2, Tincan Island
Apapa
Lagos

Registrar
First Registrars and Investor Services Limited
Plot 2, Abebe Village Road,
Iganmu Lagos
PMB 12692 Marina
Lagos

Auditor
Deloitte & Touche
Civic Tower
Ozumba Mbadiwe Road
Victoria Island
Lagos

Principal bankers
Access Bank Plc
Fidelity Bank Plc
First Bank of Nigeria Limited
First City Monument Bank Plc
Polaris Bank Limited
Standard Chartered Bank Nigeria Limited
Stanbic IBTC Bank Plc
Sterling Bank Plc
Union Bank of Nigeria Plc
Unity Bank Plc
Wema Bank Plc
Zenith Bank Plc

Leadership team

Marco Storari Managing Director	**Dhikrullah Ameen-Ikoyi** Treasury Manager
Oluwakemi M. Jafojo Company Secretary	**Mahmud Muhamed** Logistics Manager
Samson Adejonwo Chief Finance Officer	**Nkem Fasanmi** Supply Manager
Donald Oghuma Sales and Marketing Manager	**Abdulrazak Suleiman** Engineering Manager
Sunday Oyekale Chief Internal Auditor	**Olawale Badru** Chief Legal Counsel
Salami Muideen Accounts Manager	**Col. Adebisi Adesanya** Chief Security Officer

Statement of Directors' responsibilities in relation to the financial statements for the period ended 30 June 2023

The directors accept responsibility for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act and Financial Reporting Council of Nigeria Act, 2011.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Signature	Signature
Mr Marco Storari (Managing Director)	Dr. Amobi D. Nwokafor (Director)
Name	Name
FRC/2020/003/00000022083	FRC/2013/ICAN/00000002770
FRC	FRC
27 July 2023	27 July 2023
Date	Date

Statement of Profit or Loss and Other Comprehensive Income
for the period ended 30 June, 2023

	Notes	April-June 2023	30 June 2023	April-June 2022	30 June 2022
		₦'000	₦'000	₦'000	₦'000
Revenues	5	28,860,437	59,648,894	24,764,830	42,660,939
Cost of sales	8	(23,761,121)	(50,738,133)	(22,903,031)	(39,944,683)
Gross profit		**5,099,315**	**8,910,760**	**1,861,799**	**2,716,256**
Other income	6	38,508	61,319	(33,803)	37,467
Administrative expenses	10	(3,463,217)	(4,923,488)	(1,227,725)	(2,202,939)
Selling and distribution expenses	9	(7,623)	(209,884)	(102,000)	(191,535)
Impairment loss on financial assets	31a	(499,264)	(705,485)	255,911	208,119
Operating Profit		**1,167,720**	**3,133,223**	**754,183**	**567,368**
Finance income	11	35,631	51,870	(51,650)	(9,308)
Finance costs	11	(31,033)	(69,968)	(22,764)	(73,307)
Net finance costs	**11**	**4,598**	**(18,098)**	**(74,413)**	**(82,615)**
Profit before Taxation	**12**	**1,172,318**	**3,115,125**	**679,770**	**484,752**
Income Tax Expense	14	(337,014)	(804,691)	(286,506)	(132,939)
Profit after tax for the period		**835,304**	**2,310,434**	**393,263**	**351,813**
Other Comprehensive Income, net of income tax		-	-		
Total comprehensive income for the period		**835,304**	**2,310,434**	**393,263**	**351,813**
Earnings/(loss) per share					
Basic and diluted earnings per share (Naira)	13	2.44	6.74	1.29	1.15

The accompanying notes on pages 8 to 45 form an integral part of these financial statements.

Statement of Financial Position
as at 30 June 2023

	Notes	30 Jun. 2023	31 Dec. 2022
		₦'000	**₦'000**
Assets			
Non current assets			
Property, plant and equipment	15	19,371,788	14,977,953
Deferred tax Asset	14e)	323,561	
Right of use assets	30(i)	790,955	838,031
Intangible assets	16	128,064	7
Total non-current assets		20,614,367	15,815,991
Current Assets			
Inventories	20	14,873,168	3,302,008
Withholding tax receivables	19	38,268	11,239
Prepayments	28	189,745	149,124
Trade and other receivables	18	13,475,948	18,031,307
Cash and cash equivalents	21	2,161,140	3,216,445
Total current assets		30,738,269	24,710,122
Total assets		**51,352,637**	**40,526,114**
Equity			
Share capital	22(a)	171,442	171,442
Retained earnings	22(b)	20,638,438	18,328,004
Total equity		**20,809,880**	**18,499,446**
Liabilities			
Non current liabilities			
Employee benefit obligation	23	10,692	9,085
Provisions	29	247,105	224,179
Lease liabilities	30	108,908	103,581
Deferred tax liabilities	14(e)	-	480,657
Total non-current liabilities		366,705	817,501
Current liabilities			
Contract liabilities	24	2,576,066	2,221,109
Dividend payable	26	169,851	169,851
Trade and other payables	26	23,931,673	16,068,426
Short term borrowings	27	1,411,105	1,411,105
Lease liabilities	30	427,863	420,676
Tax payable	14(d)	1,659,493	917,999
Total current liabilities		30,176,051	21,209,166
Total liabilities		**30,542,757**	**22,026,668**
Total equity and liabilities		**51,352,637**	**40,526,114**

Approved by the Board of Directors on 27 July 2023 and signed on its behalf by:

)Mr Marco Storari (Managing Director)
FRC/2020/003/00000022083

) Dr. Amobi D. Nwokafor (Director)
FRC/2013/ICAN/000000002770

) Mr. Samson Adejonwo(Chief Finance Officer)
FRC/2020/001/00000021998

The accompanying notes on pages 8 to 45 form an integral part of these financial statements.

Statement of Changes in Equity
for the period ended 30 June, 2023

	Share capital	Retained earnings	Total equity
	₦'000	**₦'000**	**₦'000**
Balance as at 1 January 2022	152,393	17,030,951	17,183,344
Total comprehensive income:			
Profit for the year	-	351,813	351,813
Total comprehensive income for the year	**-**	**351,813**	**351,813**
Balance as at 30 June 2022	**152,393**	**17,382,764**	**17,535,157**

	Share capital	Retained earnings	Total equity
	₦'000	**₦'000**	**₦'000**
Balance as at 1 January 2023	171,442	18,328,004	18,499,446
Total comprehensive income:			
Profit for the period	-	2,310,434	2,310,434
Other comprehensive income	-	-	-
Total comprehensive income	**-**	**2,310,434**	**2,310,434**
Transactions with owners of the Company			
Value of bonus shares issue		-	-
Total transactions with owners of the Company	**-**	**-**	**-**
Balance as at 30 June 2023	**171,442**	**20,638,438**	**20,809,880**

Statement of Cash Flows for the period ended 30 June 2023

	Notes	30 June 2023	30 June 2022
		₦'000	**₦'000**
Cash flows from operating activities:			
Profit after tax		2,310,434	351,813
Adjustments for:			
Depreciation on PPE	15	354,529	328,123
Depreciation on Right of Use Assets	30(i)	65,339	50,158
Amortisation of intangible assets	16	20,996	22
Finance income	11	(51,870)	(18,352)
Finance costs	11	69,968	135,707
Loss on sale of property, plant and equipment	10	(9,126)	102,662
Reversal of accrued Lease liabiity	31(iii)	-	(24,745)
Net foreign exchange loss	10	2,429,253	(27,760)
Withholding tax credit notes utilised	14(d)	(702,165)	-
Provision for/(reversal of)long service award	23(c)	1,608	446
Reversal of Impairment loss on trade receivables	31(a)	(85,236)	(208,119)
Impairment of Petroleum Equalization Fund receivables	31(a)	1,000,000	-
Impairment of Related party receivables	31(a)	(209,280)	-
Impairment/Reversal of impairment on Inventory	20(a)	10,562	(32,256)
Taxation	14	804,691	132,939
		6,009,703	**790,638**
Changes in:			
- Inventories		(11,581,723)	336,754
- Trade, other receivables and prepayments		3,987,993	(1,258,024)
- Prepayments		(40,621)	(95,530)
Contract liability(Customer Advance received)		354,957	-
- Trade and other payables		5,313,352	(1,549,593)
Cash generated from operations		**4,043,662**	**(1,775,754)**
Income taxes paid	14(d)	(165,250)	(69,106)
Net cash generated from operating activities		**3,878,412**	**(1,844,860)**
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment		13,157	65,094
Purchase of property, plant and equipment	15	(4,752,394)	(289,039)
Purchase of ROU assets	30(iii)	(15,000)	(11,000)
Purchase of Intangible Assets	16	(149,053)	-
Interest received	11	51,870	18,352
Net cash used for investing activities		**(4,851,419)**	**(216,594)**
Cash flows from financing activities:			
Additional short term borrowings	27	17,348,091	17,019,539
Short term borrowing repayment	27	(17,348,091)	(16,568,539)
Interest paid	11	(22,791)	(62,400)
Net cash used in financing activities		**(37,791)**	**388,600**
Net change in cash and cash equivalents		(1,010,798)	(1,672,853)
Cash and cash equivalents at 1 January		3,216,445	2,798,796
Effect of movements in exchange rates on cash held		(44,507)	(119,248)
Cash and cash equivalents at 30 June 2023	**21**	**2,161,140**	**1,006,695**

The accompanying notes on pages 8 to 45 form an integral part of these financial statements.

Notes to the financial statements

1. Reporting entity

The Company was incorporated as Texaco Nigeria Limited (a privately owned Company) on 12 August 1969 and was converted to a Public Limited Liability company quoted on the Nigerian Stock Exchange in 1978, as a result of the 1977 Nigerian Enterprises Promotions Decree. The Company is domiciled in Nigeria and its shares are listed on the Nigerian Stock Exchange (NSE). The Company's name was changed to Texaco Nigeria Plc. in 1990 and again on 1 September 2006 to Chevron Oil Nigeria Plc.

On 20 March 2009, there was an acquisition of Chevron Africa Holdings Limited, (a Bermudian Company) by Corlay Global SA of Moffson Building, East 54th Street, Panama, Republic of Panama. By virtue of this foreign transaction, Chevron Nigeria Holdings Limited, Bermuda changed its name to MRS Africa Holdings Limited, Bermuda.

The new management of the Company announced a change of name of the Company from Chevron Oil Nigeria Plc to MRS Oil Nigeria Plc ("MRS") effective 2 December 2009 following the ratification of the name change of the Company at the 40th Annual General Meeting of the Company on 29 September 2009.

The Company is domiciled in Nigeria and has its registered office address at:

2, Tincan Road
Lagos
Nigeria

The Company is principally engaged in the business of marketing and distribution of refined petroleum products, blending and selling of lubricants and manufacturing and selling of greases.

2 Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act, 2011.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial intruments measured at fair value.

(c) Composition of Financial statements

The financial statements comprise:

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

(d) Financial Period

These financial statements cover the period from 1 January 2023 to 30 June 2023 with comparative figures for the financial year from 1 January 2022 to 30 June 2022 .

(e) Functional and presentation currency

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

(f) Significant changes in the current reporting year

The removal of subsidy on Petroleum Motor Spirit (PMS) announced immediately after inauguration by the new president has totally changed the dynamics of the industry.This product line alone contribute about 97% of total revenue of the Company. The policy has significantly affected the working capital requiremet of the company and its attendant finance cost on bank credit lines for product acquisition which directly contributed to substantial increase in the landing cost of the product and other input costs. Subsequently, these have reduced the demand for the product since people have scaled down on their usage of petroleum and opt for alternative source due to high price per litre of the product. These recent events will continue to have an impact on oil price volatility. The Company will continue to monitor the oil prices and take adequate steps to manage its business and any financial impact of same. However, the Company's operations are not affected by seasonality or cyclic situation.

g) Going Concern

The directors have evaluated all the events and conditions that may cast significant doubts on the ability of the company to continue as a going concern and also its operations in the foreseable future and reached a conclusion that, the Company will continue in business without the existence of a material uncertainty about the company's ability to operate as a going concern.

Notes to the financial statements

3 Critical accounting judgement and key sources of estimating uncertainty
Use of judgements and estimates

In applying the Company's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the year in whuch the estimates are revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future year.

Critical judgements in applying the Company's accounting policies

In the current year, the management have not made any significant or critical judgments in applying accounting policies that would have significant effects on the amounts recognised in these financial statements.

Key sources of estimation uncertainty

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

(i) Recoverability of financial assets-Account receivables

The Company reviews all financial assets at least quarterly and when there is any indication that the asset might be impaired. Loss allowance for trade receivables is measured at an amount equal to twelve months ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has recognised a loss allowance of 100% against all receivables over 365 days past due, because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting year. The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, except where there is adequate security. None of the trade receivables that have been written off are subject to enforcement activities. Trade receivables are considered to be past due when they exceed the credit period granted. Note 31 explains more about the impairment of financial assets.

(ii) Provision for site decommisionning

In 2022, the Company reviews the provision on asset retirement obligation based on the current inflation rate of 21.34% and interest rate of 16.5% as at the end of the reporting period. In estimating the provision, the directors have made assumptions regarding the estimated costs of restoring the site based on currently available information about the likely extent of decommissioning liability. This has resulted to change in estimate and gave rise to additional right of use asset as well as asset retirement obligation amounting to NGN 170.7 million Note 30 & 29)

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 except where otherwise indicated.

(a) Foreign currency transactions

Transactions denominated in foreign currencies are translated and recorded in Nigerian Naira at the spot rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the rates of exchange prevailing at that date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate on the date of the transaction.

Foreign currency differences arising on translation are recognized in profit or loss within the administrative expenses.

(b) Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

(i) Recognition and initial measurement

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

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

• The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flow

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

• The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically

• Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above

• Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTP

Impairment of financial asset

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Notes to the financial statements

(c) Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as 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.

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

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.

(d) Property, plant and equipment

i Recognition and measurement

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

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

If significant 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 recognized net within other income in profit or loss.

ii Subsequent expenditure

The cost of replacing a part of an item of property, plant and equipment is recognized 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 derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

iii Depreciation

Depreciation is calculated to write off the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

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

Land and Buildings:	
- Freehold Land	Not depreciated
- Buildings	10 to 25 years
Plant and Machinery	10 to 20 years
Furniture and Fittings	5 years
Automotive equipment	4 to 10 years
Computer equipment	3 years
Office equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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.

Notes to the financial statements

(f) 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.
The Company's intangible assets with finite useful lives comprise acquired software. These are capitalised on the basis of acquisition costs as well as costs incurred to bring the assets to use.

(ii) Subsequent expenditure

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

(iii) Amortisation of intangible assets

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

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The useful life for computer software is 3 years.

(g) Leases

The Company has applied IFRS 16 in reporting assets under lease in which case Right of Use assets and corresponding lease liabilities is recognised accordingly. The details of accounting policies under IFRS 16 are disclosed hereunder.

i **As a lessee**

The Company assesses whether a contract is, or contains, a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease nless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Company and the lease does not benefit from a guarantee from the Company

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

– fixed payments, including in-substance fixed payments;
– Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease
– 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.

Notes to the financial statements

The Company presents right-of-use assets that do not meet the definition of investment property in ‘property, plant and equipment’ in the statement of financial position.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease

The right-of-use assets are presented as a separate line in the statement of financial position.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, incurred in bringing them to their existing location and condition but excludes reimburseable costs or other costs subsequently recoverable by the Company. In the case of manufactured/ blended inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

The bases of costing inventories are as follows:

Product Type	Cost Basis
a) Refined petroleum products AGO, ATK, PMS, LPG, LUBES b) Packaging materials, lubricants and greases	Weighted average cost

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.

(i) Impairment

i Non-derivative financial assets

Financial assets not classified at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets maybe impaired includes

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a Company of financial assets

Notes to the financial statements

The Company considers evidence of impairment for these assets at both an individual asset and collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by Companying together assets with similar risk characteristics

In assessing collective impairment, the Company uses historical information on timing of recoveries and the amount of loss incurred, and makes adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

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 Companyed together into the smallest Company 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 recognized 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.

(j) Employee benefits

i Defined contribution plan

A defined contribution plan is a post-employment benefit plan (pension fund) 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 years.

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% each 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 employee benefit expense in the years during which services are rendered by employees.

ii Other long-term employee benefits

The Company's other long-term employee benefits represents a Long Service Award scheme instituted for all permanent employees. The Company's obligations in respect of this scheme is the amount of future benefits that employees have earned in return for their service in the current and prior years. The benefit is discounted to determine its present value. The discount rate is the yield at the reporting date 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 year in which they arise. Although the scheme was not funded, the Company ensured that adequate arrangements were in place to meet its obligations under the scheme.

iii Terminal 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 the benefits are not expected to be settled wholly within 12 months of the end of the reporting year, 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 recognized for the amount expected to be paid under short-term cash bonuses 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.

Notes to the financial statements

(k) Provisions, Contingent Liabilities and Assets

Provisions

Provisions comprise liabilities for which the amount and timing are uncertain. They arise from litigation and other risks. A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position.

Contingent assets

A contingent asset is a possible asset whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the company.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, the company is required to disclose a brief description of the nature of the contingent assets at the reporting date. When the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs.

(l) Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over its products to a customer.

Revenue recognition depends on whether the customer took delivery of the products directly from our depot using their own delivery vehicles or whether the Company delivered to the customer using the thrid party transporters. For the former, revenue is recognized when the customer picks up the products from the Company's depots and the latter, when delivery is made; the customer does the delivery confirmation on portal hence, revenue is recognised at that point in time.

If it is probable that discounts will be granted and the amount could be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

In respect of Lubricants, the recognition of revenue is done upon customers taking control of the product which is usually when the products are picked up from our various warehouses. The warehouse officers do the shipment, customer account is impacted and the revenue account is also credited.

Any payment received from customers for which the product has not been delivered is not recognized as revenue but contract liability penidng when the product is delivered.

(m) Finance income and finance costs

The Company's finance income and finance costs include:
- interest income;
- interest expense;
- interest on lease laibilities
- Unwinding of the discount on provisions.

Interest income or expenses are recognized 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.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the related assets. Finance costs that are directly attributable to the importation of Premium Motor Spirit (PMS) and other products are classified as part of the product landing cost.

Foreign currency gains and losses are reported on a net basis.

Notes to the financial statements

(n) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized 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.

i **Current tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Company is subject to the Companies Income Tax Act (CITA), Tertiary Education Trust Fund (Establishment Act 2011) . Tertiary education tax is assessed at 2.5% of assessable profit while Company income tax is assessed at 30% of taxable profit.

ii 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

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

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 substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner 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.

iii **Minimum tax**

The Company is subject to the Companies Income Tax Act (CITA). 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 (determined as 0.50% of the qualifying company's turnover less franked investment income).

Where the minimum tax charge is higher than the Company Incomt 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.

(m) Withholding tax receivables

Withholding taxes (WHT) are advance payments of income taxes deducted by the Company’s customers at source upon payment. WHT receivables are measured at cost.

The Company utilizes WHT credits against current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and it 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 realized.

Tax asset written down are recognized in profit or loss as income tax expense.

Notes to the financial statements

(n) Earnings per share (EPS)

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(o) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. All operating segments' results are reviewed regularly by the Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The company has identify three operating segments which are:

i. **Retail/Commercial & Industrial**- this segment is responsible for the sale and distribution of refined products to retail and industrial customers.

ii **Aviation**- this segment involves in the sales of Aviation Turbine Kerosene (ATK).

iii **Lubricants** - this sells lubricants and greases.

(p) Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Finance costs paid is also included in financing activities while finance income is included in investing activities.

(q) Joint arrangement

The Company's joint arrangement is in respect of its interests in joint aviation facilities held with other parties. These Financial Statements include the Company's share of assets, liabilities, revenue and expenses of the joint arrangement. The Company capitalizes, recognise as asset and depreciate accordingly its share of Capital budget of jointly owned facility. For operating expenses thisis shared based on each partner's volume sold is recognised as profit or loss items.

4 New and amended IFRS standards

4.1 New and amended IFRS standards that are effective for the current year

In the currenr year, the Company has adopted a number of amendments to IFRS Accounting standards that are mandatorily effective for an accounting period that begins on or after 1 January 2023 . Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

i **IFRS 17 Insurance Contracts Effective for annual periods beginning on or after 1 January 2023.**

In May 2017, the IASB issued IFRS 17 Insurance Contracts,a comprehensive new accounting standard for insurance contracts covering recognition and measurement, resentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts.In June 2020, the IASB issued amendments to IFRS 17. These amendments included changing the effective date to 2023.IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The overall objective of IFRS 17 is to provide an ccounting model for insurance contracts that is more useful and consistent for insurers.

Notes to the financial statements

ii **Disclosure of Accounting Policies (Amendments to IAS 1, Presentation of Financial Statements, and IFRS Practice Statement 2, Making Materiality Judgements)**

The Company has adopted the amendments to IAS 1 Presentation of Financial Statements, and IFRS Practice Statement 2, Making Materiality judgement in the current year ,which continues the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures by requiring companies to disclose their material accounting policies instead of their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material.The IASB also amended IFRS Practice Statement 23 to include guidance and examples on applying materiality to accounting policy disclosures.

iii **Definition of Accounting Estimates (Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)**

The amendment clarifies how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition and guidance on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively.

The amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

iv **Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12, Income Taxes),**

This ammendment clarifies how companies account for deferred taxes on certain transactions, such as leases and decommissioning obligations, with a focus on reducing diversity in practice.

The amendments narrow the scope of the initial recognition exemption so companies will need to recognize a deferred tax asset and a deferred tax liability arising from transactions that give rise to equal and offsetting temporary differences.

v **Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle**

The Company has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a)

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement

4.2 **New and revised IFRS Standards in issue but not yet effective**

The Company has not applied the following new and revised IFRS accounting standards that have been issued but are not yet effective:

New standards/Amendments	Description	Effective Date
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	Lease Liability	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in the next financial year.

Notes to the Financial Statements

5 Revenue

	30 Jun. 2023	30 June 2022
	₦'000	₦'000
Premium Motor Spirit (PMS)	49,763,194	35,004,940
Automotive Gas Oil (AGO)	5,765,915	2,155,921
Aviation Turbine Kerosene (ATK)	1,985,583	3,454,749
Lubricants and Greases	2,093,704	1,940,257
Liquidified Petroleum Gas (LPG)	40,608	105,071
	59,648,894	**42,660,939**

Revenue is recognised at a point in time and sales are mostly made to customers in Nigeria. Information on analysis of revenue by category is shown in Note 33.

6 Other income

	30 Jun. 2023	30 June 2022
	₦'000	₦'000
Rental and lease income (Note 6(a))	2,359	2,376
Sundry income (Note 6(b))	30,351	3,672
Gain on sale of property, plant & equipment	9,126	-
Income on storage services	19,483	15,848
Surplus on Expired ROU Assets	-	15,570
	61,319	**37,467**

a) Rental and lease income relates to income earned on assets that are on operating lease arrangements to third parties. Assets on lease include filling stations and related equipment (generators and dispenser pumps).

b) Sundry income represents earnings from insurance claims recoveries,non fuel revenues, recoveries from station uniform and other miscellaneouse incomes for the current year.

7 Expenses by function

	30 Jun. 2023	30 June 2022
	₦'000	₦'000
Cost of sales (Note 8)	50,738,133	39,944,683
Selling and distribution expenses (Note 9)	209,884	191,535
Administrative expenses (Note 10)	4,923,488	2,202,939
	55,871,505	**42,339,156**

8 Cost of sales

	30 Jun. 2023	30 June 2022
	₦'000	₦'000
Premium Motor Spirit (PMS)	40,878,556	32,350,513
Automotive Gas Oil (AGO)	5,466,087	1,938,615
Aviation Turbine Kerosene (ATK)	1,867,064	3,057,111
Lubricants and greases	1,785,631	1,864,560
Liquidified Petroleum Gas (LPG)	35,546	98,024
Freight expense	705,249	635,860
	50,738,133	**39,944,683**

9 Selling and distribution expenses

	30 Jun. 2023	30 June 2022
	₦'000	₦'000
Rental of service stations, buildings and equipment	121,704	88,070
Advertising-Selling & Distribution	7,296	34,926
Station running expenses	15,545	18,382
Amortization expenses on Right of use Assets (Note 30)	65,339	50,158
	209,884	191,535

Notes to the Financial Statements

10 Adminstration expenses	30 Jun. 2023	30 June 2022
	₦'000	₦'000
Depreciation (Note 15(a))	354,529	328,123
Amortization of intangible assets (Note 16)	20,996	22
Fuel expenses for Office Generators & other admin use	225,490	220,855
Consultancy expense	54,947	53,212
Maintenance expense	402,372	274,963
Advertising expenses(Newspaper & Publications)	3,748	6,884
Management fees (Note 32 (c))	227,094	214,435
Directors' remuneration (Note 12(b)(iv))	9,735	9,350
Employee benefit expense (Note 12 (b)(i))	275,430	197,847
Bank Charges	60,889	62,400
Auditor's remuneration (Note 10(a))	21,181	16,500
Loss on sale of Property, plant and equipment	-	102,662
Local and international travel	34,515	11,024
Office expenses and supplies	220,907	134,980
Communication and postage	113,828	101,783
Insurance premium	75,523	59,881
Contract labour	289,603	316,848
Licenses and Levies	47,091	31,636
Utilities	9,596	11,936
Subcriptions	30,908	28,500
Board meetings and AGM expenses	4,235	1,538
Security	11,477	17,509
Net foreign exchange loss	2,429,253	
	4,923,488	**2,202,939**

(a) Non-audit services paid to the statutory auditors

The company did not engage statutory auditor for Non-audit services during the year

11 Finance income and finance costs	30 Jun. 2023	30 June 2022
	₦'000	₦'000
Finance income		
Interest income on short-term bank deposits	51,870	18,352
Net foreign exchange gain	-	(27,660)
Total finance income	51,870	(9,308)
Finance cost arising from financial liabilities measuured at amortised cost		
Interest expense	22,791	42,914
Finance costs - others		
Unwind of discount on site restoration provision	19,663	2,770
Interest on lease liability ((Note 30(iii))	27,514	27,623
Total finance costs	69,968	73,307
Net finance costs	(18,098)	**82,615**

a) Reconciliation of finance cost to statement of cash flows	30 Jun. 2023	30 June 2022
	₦'000	₦'000
Interest expense	22,791	42,914
Unwind of discount on site restoration provision	19,663	2,770
Ineterest on lease liability	27,514	27,623
Interest income on short-term bank deposits	(51,870)	(18,352)
Amount shown on the statement of cash flows	18,098	54,955

Notes to the Financial Statements

Analyzed as follows:

	30 Jun. 2023	30 June 2022
	₦'000	₦'000
Interest income included in finance income(Note 8(a)	(51,870)	(18,352)
Finance cost shown on the Statement of Cash flows	69,968	73,307
	18,098	54,955

12 Profit before income tax

a) Profit before income tax is stated after charging/(crediting):	30 Jun. 2023	30 June 2022
	₦'000	₦'000
Depreciation (Note 15)	354,529	328,123
Amortisation of intangible assets (Note 16)	20,996	22
Management fees (Note 32(c))	227,094	214,435
Director's remuneration (Note 12(b)(iv))	9,735	9,350
Employee benefit expense (Note 12(b)(i))	275,430	197,847
Auditor's remuneration	21,181	16,500
(Reversal)/Impairment of related party receivables (Note 31)	(209,280)	-
Reversal of impairment on trade receivables (Note 31)	(85,236)	47,792
Net foreign exchange loss (Note 11)	2,429,253	-

	30 Jun. 2023	30 June 2022
Net foreign exchange loss is further broken down as follow:	₦'000	₦'000
Loss on cash and bank balances	44,507	(119,248)
Vendor	2,549,895	147,079
Customers	(165,149)	(71)
	2,429,253	**27,760**

b) Directors and employees

i) Employee costs during the period comprise:

	30 Jun. 2023	30 June 2022
	₦'000	₦'000
Salaries and wages	224,078	155,805
Other employee benefits	28,795	25,358
Employer's pension contribution	20,941	16,239
Other long term employee benefit charge	1,617	446
	275,430	**197,847**

The average number of full-time persons employed during the period (other than executive directors) was as follows:

ii)

	Number	
	30 Jun. 2023	30 June 2022
Administration	37	27
Technical and production	7	9
Operations and distribution	29	28
Sales and marketing	20	24
	93	**88**

Notes to the Financial Statements

iii) Higher-paid employees of the Company and other than

₦	Number 30 Jun. 2023 ₦'000	Number 30 June 2022 ₦'000
1,000,001 - 2,000,000	0	1
2,000,001 - 3,000,000	0	4
3,000,001 - 4,000,000	2	10
4,000,001 - 5,000,000	15	28
5,000,001 - 6,000,000	7	22
6,000,001 - 7,000,000	15	13
7,000,001 - 8,000,000	15	1
8,000,001 - 9,000,000	10	1
9,000,001 - 10,000,000	6	2
10,000,001 - Above	23	6
	93	**88**

iv) Remuneration for directors of the Company charged to profit or loss account are as follows:

	30 Jun. 2023 ₦'000	30 June 2022 ₦'000
Fees	5,500	5,500
Other emoluments	4,235	3,850
	9,735	**9,350**
The directors' remuneration shown above includes:		
Chairman	-	-
Highest paid director	**2,420**	**2,420**

The remunerations of three directors is paid at the group level

Other directors received emoluments in the following ranges:

	Number 30 Jun. 2023	Number 30 June 2022
Nil	-	-
1,000,001 - 2,000,000	4	4
2,000,001 - 3,000,000	-	
3,000,001 - 4,000,000	-	-
4,000,001 - 5,000,000	-	-
5,000,001 - 6,000,000	-	-
6,000,001 - 7,000,000	-	-
7,000,001 - 8,000,000	3	3
	7	**7**

13 Earnings per share (EPS) and Dividend declared per share

a) Basic EPS

	30 Jun. 2023	30 June 2022
Earnings for the period attributable to shareholders (N'000)	2,310,434	351,813
Weighted average number of ordinary shares in issue (Unit'000)	342,885	304,786
Basic earnings per share	6.74	1.15

b) Diluted Earnings per share

The Company had no dilutive ordinary shares to be accounted for in these financial statements.

c) Dividend declared per share

No dividend was declared during the Period (2022: Nil) on 342,884,707 ordinary shares of 50 kobo each, being the ordinary shares in issue at the the end of the period (2022: 304,786,406)

Notes to the Financial Statements

14 Taxation

a) Applicablility of the Finance Act, 2023

The Finance Act 2023 became effective on 28th May, 2023 and introduced significant changes to some sections of the Companies Income Tax Act (CITA). The Company has applied the CITA related provisions of the Finance Act in these financial statements.

bi) The Company has applied the provisions of the Companies Income Tax Act that mandates a minimum tax assessment, where a qualifying taxpayer does not have a taxable profit which would generate an eventual tax liability when assessed to tax.

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

Amounts recognized in profit or loss

	30 Jun. 2023	30 June 2022
	₦'000	₦'000
Current tax expense:		
Income tax	1,444,245	106,767
Tertiary education tax	156,720	16,227
NASENI	7,788	840
Nigeria Police Trust Fund	156	17
	1,608,909	**123,851**
Deferred tax (credit)/expense:		
Origination and reversal of temporary differences	(804,218)	9,088
Income tax expense/(credit)	**804,691**	**132,939**

c) Reconciliation of effective tax rates

The tax on the Company's profit before tax differs from the theoretical amount as follows:

	30 Jun. 2023	30 June 2022	30 Jun. 2023	30 June 2022
	%	%	₦'000	₦'000
Profit before tax			3,115,125	484,752
Income tax using the statutory tax rate	30.00	30.00	934,537	(145,381)
Impact of tertiary education tax	2.50	2.50	77,878	9,692
Impact of (NASENI)	0.25	0.09	7,788	436
Impact of minimum tax	0.50	2.50	15,576	12,115
Impact of Police Trust Fund	0.01		156	-
Effect of tax incentives	(18.99)	-	(591,664)	42,056
Non deductible expenses	11.57	19.00	360,420	92,075
Difference in CIT rate and TET rate		(2.59)	-	12,555
Tax exempt income				
Difference in CIT rate and TET rate				
Derecognition of previously recognised taxable difference				67,623
Changes in estimates related to prior periods		1.00		4,848
Other differences				36,920
Total income tax expense in income statement	**25.83**	**52.50**	**804,691**	**132,939**

*CIT- Company Income Tax, TET- Tertiary Education Tax, NASENI-National Agency for Science and Engineering Infrastructure

d) Movement in current tax liability

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Balance at beginning of the year	917,999	363,517
Payments during the year	(165,250)	(69,106)
Net charge for the period	-	-
Current tax	1,608,909	623,588
Withholding tax credit notes utilized (Note 19)	(702,165)	-
	1,659,493	**917,999**

Notes to the Financial Statements

e) Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
	30 Jun. 2023	31 Dec. 2022	30 Jun. 2023	31 Dec. 2022	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	-	-	1,557,172	1,449,372	1,557,172	1,449,372
Trade receivables	**(1,201,091)**	(918,124)	-	-	(1,201,091)	(918,124)
Unrealized exchange loss	**(640,018)**	(152,567)	-	-	(640,018)	(152,567)
Loss on ROU	**(39,624)**	-	-	101,976	(39,624)	101,976
	(1,880,733)	**(1,070,691)**	**1,557,172**	**1,551,348**	**(323,561)**	**480,657**

f) Movement in temporary differences during the period

	1-Jan-22	Recognised in Profit or loss	31-Dec-22	Recognised in Profit or loss	30-Jun-23
	₦'000	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	-	1,449,372	1,449,372	107,800	1,557,172
Trade receivables	-	(918,124)	(918,124)	(282,967)	(1,201,091)
Unrealized exchange loss	-	(152,567)	(152,567)	(487,451)	(640,018)
Loss on Right of Use Assets	-	101,976	101,976	(141,600)	(39,624)
	-	**480,657**	**480,657**	**(804,218)**	**(323,561)**

Notes to the Financial Statements

15 **Property, Plant and Equipment**

a) The movement on these accounts was as follows:

	Freehold Land	Building	Plant & Machinery	Automotive Equipment	Computer & Office Equipment	Furniture & Fittings	Capital Work in Progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost								
Balance at 1st January 2022	**8,088,835**	**6,692,497**	**10,341,382**	**1,270,229**	**939,161**	**218,729**	**477,514**	**28,028,348**
Additions	9,905	259,038	376,680	265,145	66,568	28,384	467,944	1,473,664
Reclassification	-	6,017	-			-	(6,017)	-
Disposals	(271,620)	(458,566)	(247,367)	(96,356)	(14,710)	(1,391)		(1,090,009)
Balance as at 31st December 2022	**7,827,120**	**6,498,985**	**10,470,695**	**1,439,018**	**991,020**	**245,722**	**939,442**	**28,412,002**
Cost								
Balance at 1st January 2023	**7,827,120**	**6,498,985**	**10,470,695**	**1,439,018**	**991,020**	**245,722**	**939,442**	**28,412,002**
Additions	18,068	200,452	291,077	12,000	527,739	23,153	3,679,905	4,752,394
Reclassification	-	-	-			-	-	-
Disposals	-	-	(30,677)	(30,188)	(4,124)	(4,156)		(69,145)
Balance as at 31 December 2023	**7,845,188**	**6,699,437**	**10,731,095**	**1,420,830**	**1,514,635**	**264,719**	**4,619,347**	**33,095,251**
Accumulated depreciation and impairment								
Balance as at 1st January 2022	**-**	**2,706,334**	**8,522,353**	**1,028,507**	**836,518**	**192,082**	**-**	**13,285,795**
Charge for the year	-	250,341	275,670	43,084	31,124	8,553	-	608,772
Disposal	-	(178,864)	(175,094)	(91,538)	(13,692)	(1,332)	-	(460,520)
Balance as at 31st December 2022	**-**	**2,777,811**	**8,622,929**	**980,053**	**853,950**	**199,303**	**-**	**13,434,047**
Accumulated depreciation and impairment								
Balance as at 1st January 2023	**-**	**2,777,811**	**8,622,929**	**980,053**	**853,950**	**199,303**	**-**	**13,434,047**
Charge for the period	-	145,049	122,302	28,681	51,126	7,370	-	354,528
Disposal	-	-	(29,032)	(28,678)	(3,422)	(3,983)	-	(65,115)
Balance as at 31 December 2023		**2,922,860**	**8,716,199**	**980,056**	**901,654**	**202,690**	**-**	**13,723,460**
Carrying amounts								
Balance as at 31 December 2023	**7,845,188**	**3,776,576**	**2,014,895**	**440,774**	**612,980**	**62,028**	**4,619,347**	**19,371,788**
Balance as at 31 December 2022	**7,827,120**	**3,721,173**	**1,847,765**	**458,965**	**137,069**	**46,418**	**939,442**	**14,977,953**

15 (b) Capital work in progress:

The capital expenditure relates to funds committed to the improvement of our retail stations and other revenue generating unit, including solarization projects that is yet to be completed.

Notes to the Financial Statements

d) Capital commitments

Capital expenditure commitments at the period end authorised by the Board of Directors comprise:

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Capital commitments	606,283	391,573

This relates to some significant capital expenditures incurred on our facilities during the year.

16 Intangible assets

Intangible assets relate to the Company's accounting software application package and license. The movement on these accounts during the period was as follows:

`	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Cost		
Balance as at 1 January	283,560	283,560
Additions	149,053	-
Balance	432,613	283,560
Accumulated amortisation		
Balance as at 1 January	283,553	283,531
Charge for the Period (Note 10)	20,996	22
Balance	304,549	283,553
Carrying amount	**128,064**	**7**

The amortization of accounting software is included in administrative expenses (Note 10)

17 Truck loan receivables

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Gross truck loan receivable	94,861	100,030
Impairment allowance	(94,861)	(100,030)

The Company's exposure to credit risks related to truck loan receivables are disclosed in Note 31(a).

18 Trade and other receivables

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Trade receivables (Note 18(a))	1,356,394	1,255,120
Bridging claims (Note 18(b))	7,680,006	9,304,199
DMO holdback (Note 18(c))	1,600,000	1,600,000
Receivables from related parties (Note 18(d))	1,834,247	197,453
Employee receivables	31,090	36,486
Due from joint arrangement partners (Note 18(g)	25,698	18,252
Receivables from Registrar (Note 18(e))	23,971	23,971
Sundry receivables	25,948	12,398
Total financial assets	**12,577,354**	**12,447,881**
Non financial assets		
Advances paid to suppliers	898,594	5,583,428
	13,475,948	**18,031,308**

Notes to the Financial Statements

a) Trade receivables

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Gross trade receivables	2,754,955	2,738,916
Impairment allowance	(1,398,561)	(1,483,796)
Net trade receivables	1,356,394	1,255,120

b) Bridging Claims

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Gross bridging claims	9,326,598	9,950,791
Impairment allowance (Note 32(a)(v))	(1,646,592)	(646,592)
Net bridging claims	7,680,006	9,304,199

c) DMO Holdback

DMO holdback is comprised of:

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Amount set aside for liabilities owed to government agencies	-	-
Amount set aside for liabilities owed to financial institutions	1,600,000	1,600,000
	1,600,000	1,600,000

In the 2018 financial year, prior to the settlement of outstanding PSF receivables to the company, the Debt Management Office (DMO), held back the amounts owed to financial institutions by the Company for direct settlement of those liabilities. The amount held back in respect of financial institutions was based on court orders issued by the Federal High Court in Abuja requiring that the amount be withheld by the DMO for direct settlement to the affected financial institutions and agencies. These liabilities relate to financing provided by those financial institutions to the Company for product importation in previous years. This amount is receivable in 2023 consequent upon finalization and setllement of liability. The relevant liabilities in respect of government agencies and financial institutions are included in short term borrowings (See Note 27). The DMO holdback is reduced by actual settlements by the DMO to the respective institutions.

d) Due from related parties

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Gross receivable from related parties (Note 32 (e))	1,984,025	556,511
Impairment	(149,778)	(359,057)
Balance	1,834,247	197,453

The Company's exposure to credit risk and currency risks related to trade and other receivables are disclosed in Note 32(a).

e) Receivables from Registrar

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Balance at 1st January	23,971	23,971
Balance	23,971	23,971

This relates to portion of unclaimed Dividend currently held by the Company Registrars

Notes to the Financial Statements

g) Due from joint arrangement partners

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Balance at 1st January	18,252	9,554
Movement	7,445	8,698
Balance	**25,698**	**18,252**

19 Withholding tax receivables

The movement on the withholding tax receivable account was as follows:

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Balance at 1st January	11,239	9,747
Additions	729,194	1,492
Withholding tax credit note utilised (Note 14(d))	(702,165)	-
Balance	**38,268**	**11,239**

Payments made by customers of the Company are subject to a withholding tax in accordance with the Nigerian tax laws. The amount withheld is available to offset the actual tax liabilities. Based on the current tax laws, these withholding taxes do not expire.

20 Inventories

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Premium Motor Spirit (PMS)	9,815,380	1,377,310
Automotive Gas Oil (AGO)	1,744,118	80,773
Aviation Turbine Kerosene (ATK)	2,421,716	417,864
Lubricants and greases	882,778	1,420,094
Liquidified Petroleum Gas (LPG)	3,952	1,373
Low Pour Fuel Oil (LPFO)	4,119	4,119
Packaging materials and other sundry items	1,106	474.10
	14,873,168	**3,302,008**

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Gross inventory	14,995,087	3,413,364
Inventory write down (Note 20 (a)	(121,919)	(111,356)
Net inventory	**14,873,168**	**3,302,008**

(a) The movement in the allowance for write down in respect of inventories during the period was as follows:

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Balance at 1 January	(111,356)	(94,057)
Net movement of inventory write down	(10,562)	(17,299)
Balance	**(121,919)**	**(111,356)**

Notes to the Financial Statements

21 Cash and cash equivalents

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Cash at bank and on hand	2,161,140	2,905,298
Short term deposits with banks	0	311,148
Cash and cash equivalents in the statement of financial position	**2,161,140**	**3,216,445**
Cash and cash equivalents in the statement of cash flows	**2,161,140**	**3,216,445**

The Company's exposure to credit risk and currency risks are disclosed in Note 31 (a).

22 Equity

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
a) **Issued and fully paid:**		
At January, 304,786,406 ordinary shares of 50k each	171,442	152,393
Bomus issue of 38,098,301 shares of 50k each		19,049
As at date, 342,884,707ordinary shares of 50k each		
Issued and fully allotted:	171,442	171,442

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.

b) Retained earnings

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Balance at 1 January	18,328,004	17,030,951
Profit for the period	2,310,434	1,316,102
Value of bonus shares issue	-	(19,049)
Balance	**20,638,438**	**18,328,004**

23 Employee benefit obligations

(a) The amounts outstanding at the end of the period with respect to employee benefit obligations is shown below:

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Other long term employee benefits	10,692	9,085
Total employee benefit liabilities	10,692	9,085

(b) Other long term employee benefits comprise long service awards and it is funded on a pay-as-you-go basis by the Company. The provision was based on an independent actuarial valuation performed by Henre Prinsloo FRC/2018/NAS/00000018473, of QED Actuaries Nigeria Limited FRC/2018/00000012293. The method of valuation used is the projected unit credit method and the last valuation was as at 31 December 2022.

Notes to the Financial Statements

(c) The movement on the provision for other long term employee benefits is as follows:

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Balance as at 1st January	9,085	6,632
Included in profit or loss:		
Current service cost/Provision	1,608	1,214
Past service (income)/cost	-	-
Interest cost		985
Remeasurement Loss/(gains)		1,016
Net charge to profit or loss	1,608	3,215
Benefits paid by the employer		(762)
Balance	10,692	9,085

(d) Actuarial Assumptions

Key actuarial assumptions relating to measurements of employee benefit obligations involves estimates and assumptions, but is not considered to have a risk of material adjustment for the period ending 30 June 2023 as the balance is not material to the financial statements

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	30 Jun. 2023	31 Dec. 2022
	%	%
Long-term average discount rate (p.a.)	13.7%	13.2%
Future average pay increase (p.a.)	12.0%	12.0%
Average Duration in years (Long Service Awards)	5	5

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 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	**No of deaths in year out of 10,000 lives**	
	30 Jun. 2023	**31 Dec. 2022**
Sample age	%	%
25	**13.2**	13.2
30	**12.0**	12.0
35	**9.0**	9.0
40	**6.0**	6.0
45	**5**	**5**

	Rates	
Withdrawal from Service	**30 Jun. 2023**	**31 Dec. 2022**
Age Band	%	%
≤ 34	**3**	**3**
34-44	**5**	**5**
45-55	**3**	**3**
56-59	**2**	**2**
60	**100**	**100**

It is assumed that all the employees covered by the long service award scheme would retire at age 60 (2022: age 60).

Notes to the Financial Statements

Sensitivity Analysis

Below is the sensitivity analysis of the principal actuarial assumptions adopted in determining the employee benefit liabilities:

Mortality in Service		**Long Sevice Award**
Sample age	**%**	**₦'000**
Discount rate	-1%	8,679
	+1%	9,530
Salary increase rate	-1%	9,562
	+1%	8,644
Mortality rate - Age rated down by 1 year	-1%	9,064
Age rated up by 1 year	+1%	9,104

24 Contract Liabilities

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
At 1 January	(2,221,109)	(310,771.00)
Amount recognised as revenue during the year	1,969,766	118,319.09
Customer credit balance ununtilized at year end	(94,247)	(71,735)
Advance received from customers at period end	(2,230,477)	(1,956,921)
Closing	(2,576,066)	(2,221,109)

(a.) Revenue is recognised when control of goods are transferred to customer, being at the point the goods are delivered to the customers. When the customer initially makes payment for the purchase of goods, the transaction price received at that point is recognised as contract liabilities until the goods have been delivered to the customer.

Security deposits are collateral deposits paid by dealers who maintain credit facilities with the Company. These amounts are set-off agianst trade receivables from these dealers on a periodic basis to cater for probable losses from sales to customers

We received an advance of NGN 2.5b as at the period end which accounted for significant change in the contract liability in the current period.

The Company's exposure to liquidity risk and currency risks are disclosed in Note 31(b).

25 Dividends

(a) Declared dividends

No dividend was declared during the period (2023: nil)

(b) Dividend payable

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
At January	169,851	169,851
At Closing	**169,851**	169,851

(c) Included in the dividend payable balance at period end is an amount of NGN 23.97 million (2022: NGN23.97 million), which is held with the Company's registrar, First Registrars and Investor Services Limited. The dividend payable as at period end does not attract interest.

(d) The dividend was invested in an interest bearing account and included in the short term deposit (Note 21)

Notes to the Financial Statements

26 Trade and other payables

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Trade payables (Note 26(a))	7,470,795	3,015,108
Accrued expenses	1,024,247	1,064,651
Amounts due to joint arrangement partners (Note 26(b))	129,547	140,246
Bridging allowance (Note 26(c))	6,170,844	6,108,284
Amounts due to related parties (Note 32(e))	7,136,719	3,986,276
Total financial liabilities	21,932,152	14,314,565
Non financial liabilities		
Statutory deductions (Note 26(d))	352,315	173,555
Security deposits (Note 26(e))	1,647,206	1,580,306
	1,999,521	1,753,861
	23,931,673	**16,068,426**

(a) Included in trade payables is an amount of NGN467.2million, due to one of the Company's vendors which bears interest on expiration of credit policy granted to the Company. The was no interest charged on this during the period (Note 11(a)).

(b) Amount relates to cash received from other parties of the Joint Aviation Facility for the running of the facility by the Company.

(c) Bridging allowance represents amount due to the Petroleum Equalisation Fund Management Board as contribution to the Fund. It is charged on every litre of product lifted from Pipelines and Product Marketing Company.

(d) This represents statutory deductions which are mandated by law or statute. They include Value Added Tax (VAT), Withholding Tax (WHT) liabilities and Pay-As-You-Earn (PAYE)liabilities, which are to be remitted to the relevant tax authorities.

(e) These are collateral deposits paid by dealers who maintain credit facilities with the Company. These amounts are set-off against trade receivables from these dealers on a periodic basis to cater for probable losses from sales to customers. See Notes 31(a,iv).
These deposits do not bear interest and are refundable to the dealers at anytime they or the Company terminates the business arrangements in the event that the amount is in excess of the outstanding receivable.

27 Short term borrowings

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Bank overdraft (Note 22, Note 28(a))	-	-
Bank borrowing (Import Finance and other short term facilities)	1,411,105	1,411,105
Total Borrowings	**1,411,105**	**1,411,105**

Movement of short term borrowings received to statement of cash flows is as follows:

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Balance as at 1 January	1,411,105	1,411,105
Additions	17,348,091	34,533,787
Repayments	(17,348,091)	(34,533,787)
Balance	**1,411,105**	**1,411,105**

a) The interest expense incurred in the period relating to overdraft and short-term borrowing is NGN22.9million (2022:NGN42.9 million).
The Company's exposure to liquidity risk and currency risks are disclosed in Note 31(b) and 31(c) respectively.

28 Prepayments

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Other Prepayments-Rent, Insurances & others	189,745	149,124
	189,745	149,124

Notes to the Financial Statements

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Non-current portion	-	-
Current portion	189,745	149,124
	189,745	149,124

Movement in prepayment	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Balance as at 1st January	149,124	56,416
Addition	212,213	341,262
Release to profit or loss	(171,592)	(248,554)
Balance	189,745	149,124

29 Provisions

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Balance at 1st January	224,179	98,430
Provisions made during the period	22,925	5,371
Reversal of legal provision	-	(46,139)
Changes in estimate	-	170,702
Reversal on decommisioning provision on terminated leases	-	(4,185)
Balance	247,105	224,179
Non-current-Asset Retirement Obligation	247,105	224,179
Current-Legal	-	-
	247,105	224,179

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Legal	-	-
Asset Retirement Obligation	247,105	224,179
	247,105	224,179

Asset retirement obligation relates to the estimate of costs to be incured by the Company in dismantling and removing the underground tank and other structures on the leased land after the expiration of the lease. The company occupies some retail stations under a lease agreement in which provison is made to take care of decommissioning cost at the expiration of those leases. The duration of the leases is ten years and some are with renewal clauses.

The relevant assumption used in determination of the asset retirement obligation has been disclosed in note 3(iii)

30 Lease Liabilities

The Company leases land and thereafer constructs its fuelling stations. The leases typically run for an average period of 10 years, with an option to renew the lease after that date. Lease payments are usually renegotiated close to the expiration of the lease term to reflect market rentals.

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 land that do not meet the definition of investment property are presented as property, plant and equipement.

Notes to the Financial Statements

	Leasehold land	
	30 Jun. 2023	**31 Dec. 2022**
Cost	**₦'000**	**₦'000**
Cost as at 1 January	1,220,333	1,107,948
Additions	18,262	170,702
Lease terminated	-	(58,317)
Closing	1,238,595	1,220,333
Allowance for depreciation		
Balance at 1st January	382,302	305,615
Charge for the period	65,339	98,604
Depreciation on lease cancalled	-	(21,917)
Balance	**447,640**	**382,302**
Carrying Amount as at the period end	**790,955**	**838,031**

a. Amortization charge(as stated above) is included in selling and distribution expenses in the statement of profit or loss, because our retail stations are revenue generating unit.

b. The Company has leases for some of its retail outlets, with the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right -of-use asset. The average lease term is ten years (2021: ten years).

ii Amounts recognised in profit or loss

	30 Jun. 2023	**31 Dec. 2022**
	₦'000	**₦'000**
Depreciation expense on right-of-use assets (Note 9)	65,339	98,604
Interest expense on lease liabilities (Note 11)	27,514	55,849

iii Lease liability

	30 Jun. 2023	**31 Dec. 2022**
	₦'000	**₦'000**
Balance at 1st January	524,257	509,387
Interest on lease liability	27,514	55,849
Lease liability terminated	-	(18,761)
Interest Reversal on terminated leases	-	(11,217)
Lease Payments	(15,000)	(11,000)
Balance as at period end	536,771	524,257

The Company's exposure to liquidity risk is disclosed in Note 31

The timing of the lease liabilities is as follows:

	30 Jun. 2023	**31 Dec. 2022**
	₦'000	**₦'000**
Current	427,863	420,676
Non Current	108,908	103,581
	536,771	524,257

Maturity Analysis of lease liabilities

	Amount	**Amount**
	₦'000	**₦'000**
Year 1	427,863	420,676
Year 2	46,673	44,390
Year 3	62,236	59,191
	536,771	524,257

Notes to the Financial Statements

Extension options:

Some leases contain extension options exercisable by the Company at the expiration of the non- cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

31 Financial Risk Management & Financial Instruments

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the strategic and finance planning committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly by the strategic and finance planning committee to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Internal Audit undertakes both regular and ad hoc reviews of compliance with established controls and procedures, the results of which are reported to Senior Management of the Company and the audit committee.

Notes to the Financial Statements

(a) **Credit risk**

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 and investments in debt securities.

Impairment losses on financial assets recognised in profit or loss were as follows:

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Impairment (Reversal)/loss on trade receivables Note 31(a)(iv)	(85,236)	(503,708)
Impairment of Petroleum Equalization Fund receivables (Note 31(a)(iv))	1,000,000	500,000
Impairment on related party receivables (Note 31(a)(iv))	(209,280)	314,704
	705,485	**310,996**

(i) ***Maximum credit exposure***

The maximum exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was:

	30 Jun. 2023			31 Dec. 2022		
	Gross	Impairment	Net	Gross	Impairment	Net
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Trade receivables	2,754,955	(1,398,561)	1,356,394	2,738,916	(1,483,796)	1,255,120
Due from related parties	1,984,025	(149,778)	1,834,247	556,511	(359,057)	197,453
Due from regulators (Government entities) :						
Petroleum Equalisation Fund (PEF)	9,326,598	(1,646,592)	7,680,006	9,950,791	(646,592)	9,304,199
DMO holdback	1,600,000	-	1,600,000	1,600,000	-	1,600,000
- Other receivables	106,707	-	106,707	91,108	-	91,108
	15,772,285	**(3,194,930)**	**12,577,355**	**14,937,325**	**(2,489,445)**	**12,447,880**

(ii) **Trade and other receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has credit policies in place and the exposure to credit risk is monitored on an ongoing basis by an established credit committee headed by the Managing Director. Management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which customers operate.

The risk management committee has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's credit assessment process includes collecting cash deposits from customers. These contract liabilities and security deposits are non interest bearing and refundable, net of any outstanding amounts (if any) upon termination of the business relationship and are classified as current liability (Notes 24 and 26). Credit limits are established for qualifying customers and these limits are reviewed regularly by the Credit Committee. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Credit Committee reviews each customer's credit limit in line with the customers' performance, feedback from sales team and perceived risk factor assigned to the customer. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 30 to 45 days for retail and commercial customers respectively.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, which are: retail, aviation and commercial/industrial.

The Company is taking actions to limit its exposure to customers in general. In the current period, the Company made certain changes to its credit policy; reducing the credit exposure to aviation customers by dealing with them on a cash and carry basis as the Company's experience is that these customers have a higher risk of payment default than others.

Notes to the Financial Statements

The Company does not require collateral in respect of trade and other receivables. The Company does not have trade receivable for which no loss allowance is recognised because of collateral.

At 30 June 2023, the exposure to credit risk for trade receivables and contract assets by type of counterparty was as follows.

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Retail customers	461,731	1,444,275
Commercial and industrial	312,331	312,331
Aviation	645,820	673,726
	1,419,882	2,430,332

(iii) Expected credit loss assessment as at 30 June 2023

Expected credit loss assessment for government and related party receivables at 30 June 2023

The Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements and management accounts of customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies (Moody's and Standard and Poors)

Exposures within each credit risk grade are segmented by counterparty type (PEF, PPPRA and related parties) and an ECL rate is calculated for each segment based on the probability of default and a consideration of forward looking information.

Expected credit loss assessment for trade receivables at 30 June 2023

The Company uses an allowance matrix to measure the ECLs of trade receivables from customers, which comprise a large number of small to medium balances.

Loss rates are calculated using a 'single default' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Single default rates are calculated separately for exposures in different segments based on common credit risk characteristics - mainly customer type.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 June 2023.

Retail Customers* 30 June 2023	**Weighted average loss rate**	**Gross carrying amount**	**Loss allowance**	
In thousand of Naira	%	₦'000	₦'000	
Current (not past due)	78.52%	18,837	14,791	
1–30 days past due	82.24%	36,843	30,299	
31–60 days past due	87.27%	1,023	893	
61–180 days past due	92.45%	14,787	13,671	
181–365 days past due	97.53%	20,720	20,207	
More than 365 days past due	100.00%	369,521	369,521	
		461,731	**449,383**	

Retail Customers* 31 December 2021	**Weighted average loss rate**	**Gross carrying amount**	**Loss allowance**	
In thousand of Naira	%	₦'000	₦'000	
Current (not past due)	14.01%	212,524	29,772	
1–30 days past due	9.80%	142,891	13,997	
31–60 days past due	16.44%	162,730	26,756	
61–180 days past due	17.43%	152,148	26,518	
181–365 days past due	33.61%	409,538	137,661	
More than 365 days past due	100.00%	364,443	364,443	
		1,444,275	**599,148**	

Commercial/Industries Customers 30 June 2023	**Weighted average loss rate**	**Gross carrying amount**	**Loss allowance**	
In thousand of Naira	%	₦'000	₦'000	
Current (not past due)	81.59%	3,437.48	2,805	
1–30 days past due	82.97%	35,938.29	29,820	
31–60 days past due	91.73%	25,697.66	23,573	
61–180 days past due	98.13%	-	-	
181–365 days past due	89.26%	398.33	356	
More than 365 days past due	100.00%	246,858.80	246,859	
		312,331	**303,411**	

Notes to the Financial Statements

Commercial/Industries Customers 31 December 2021	Weighted average loss rate	Gross carrying amount	Loss allowance	
In thousand of Naira	%	₦'000	₦'000	
Current (not past due)	0.00%	2,931	-	
1–30 days past due	20.21%	73,318	16,896	
31–60 days past due	67.75%	117	30	
61–180 days past due	72.13%	252,612	6,926	
181–365 days past due	85.05%	108,657	20,674	
More than 365 days past due	100.00%	183,280	183,280	
		620,915	**227,806**	

Aviation customers 30 June 2023	Weighted average loss rate	Gross carrying amount	Loss allowance	
In thousand of Naira	%	₦'000	₦'000	
Current (not past due)	84.66%	-	-	
1–30 days past due	96.02%	0	0	
31–60 days past due	96.02%	1,343	1,290	
61–180 days past due	96.09%	-	-	
181–365 days past due	96.92%	0	0	
More than 365 days past due	100.00%	644,477	644,477	
		645,820	**645,767**	

Aviation customers 31 December 2021	Weighted average loss rate	Gross carrying amount	Loss allowance	
In thousand of Naira	%	₦'000	₦'000	
Current (not past due)	54.89%	24,164	13,263	
1–30 days past due	80.88%	0	0	
31–60 days past due	83.35%	0	0	
61–180 days past due	83.51%	4,364	3,644	
181–365 days past due	91.17%	59,592	54,328	
More than 365 days past due	100.00%	585,607	585,607	
		673,726	**656,843**	

* This has been adjusted with Contract liabilities and security deposits. (See Note 24).

Loss rates are based on actual credit loss experience over the past two to three years. These rates are adjusted to reflect economic conditions for the period 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 (forward looking information). Forward looking information is re-evaluated at every reporting date.

For instance, the Company determined that the Gross Domestic Product (GPD) has the most significant impact on the ability of the counterparties to settle receivables. Therefore, if GDP growth rate is expected to significantly deteriorate, over the next year, which can result in increased default, the historical default rate is adjusted.

Notes to the Financial Statements

iv) *Movements in the allowance for impairment of financial assets*

The movement in the allowance for impairment in respect of financial assets during the period was as follow

	Balance 1-Jan-2022	Net remeasurement of loss allowance	Balance 31-Dec-2022	Recognised in profit or loss	Balance 30 Jun-2023
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Truck loan receivables	-	-	-	-	-
Trade receivables	1,987,502	(503,708)	1,483,794	(85,236)	1,398,559
PEF receivables	146,593	500,000	646,593	1,000,000	1,646,593
Related party receivables	44,353	314,704	359,057	(209,280)	149,778
Total	**2,178,448**	**310,996**	**2,489,445**	**705,485**	**3,194,930**

The Directors have applied judgement in the Company's assessment of the recoverability of its trade and other receivables which are past due but not impaired. The significant judgement involved estimation of future cash flows and the timing of those cash flows. Based on the assessment of the Directors, the unimpaired balances are recoverable and accordingly, no further impairment is therefore recorded.

v) Due from Government entities

This relates to amounts receivable from PEF with respect to bridging claims.
Determination of amounts due are based on existing regulations/guidelines and impairment is only recognized when changes occur in the regulations that prohibit or limit recovery of previously recognized amounts. For bridging claims amounting to ₦7.68 billion (Dec 2022: ₦9.30 billion) recognized as receivable (Note 18), possibilities exist depending on negotiations that settlement will occur via a set off to the extent of bridging allowances amounting to ₦6.17billion (Dec 2022: ₦6.11billion) recorded as a liability (Note 26). However, as the right of set off does not exist, the amounts have been presented gross in these financial statements.

vi) Due from related parties

The Company has transactions with its parent and other related parties by virtue of being members of the MRS Group. Payment terms are usually not established for transactions within the Group companies and amounts receivable from members of the Group are contractually settled on a net basis. Related party receivable balances were assessed for impairment in accordance with IFRS 9. See Note 31(a)(iv)).

vii) Other receivables

Other receivables includes employee receivables and other sundry receivables. The Company reviews the balances due from this category on a yearly basis taking into consideration functions 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. There were no impairment loss recognised in this category of receivables during the period. (Dec 2022: Nil).

viii) Cash and cash equivalents

The Company held cash and cash equivalents of ₦2.2 billion as at 30 June 2023 (Dec 2021: ₦3.2 billion), which represents its maximum credit exposure on these assets. The credit risk on this is not significant as cash and cash equivalent reside with banks that have good credit ratings issued by reputable international rating agencies.

Notes to the Financial Statements

(b) Liquidity risk

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

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

Typically, the credit terms with customers are more favourable compared to payment terms to its vendors in order to help provide sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disaster.

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

	Notes	Carrying amount	Contractual cash flows	6 months or less
		₦'000	₦'000	₦'000
Non-derivative financial liabilities				
30 June 2023				
Other short-term borrowings	27	1,411,105	1,411,105	1,411,105
Dividend payable	25	169,851	169,851	169,851
Trade and other payables*	26	21,932,152	21,932,152	21,932,152
		23,513,108	23,513,108	23,513,108
31-Dec-22				
Overdraft and other short-term borrowings	27	1,411,105	1,411,105	1,411,105
Dividend payable	25	169,851	169,851	169,851
Trade and other payables*	26	14,314,565	14,314,565	14,314,565
		15,895,521	15,895,521	15,895,521

* Excludes advances received from customers, statutory liabilities and security deposit.

c) Market risk

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

The Company manages market risks by keeping costs low through various cost optimization programs. Moreover, market developments are monitored and discussed regularly, and mitigating actions are taken where necessary.

Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Company, primarily the Naira. The currency in which these foreign currency transactions primarily are denominated is US Dollars (USD). The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

In managing currency risk, the Company aims to reduce the impact of short-term fluctuations on earnings. The Company has no export sales, thus the exposure to currency risk in that regard is non existent. The Company's significant exposure to currency risk relates to its importation of various products for resale or for use in production. Although the Company has various measures to mitigate exposure to foreign exchange rate movement, over the longer term, however, permanent changes in exchange rates would have an impact on profit. The Company monitors the movement in the currency rates on an ongoing basis.

Notes to the Financial Statements

Exposure to currency risk

The Company's transactional exposure to Naira (NGN) was based on notional amounts as follows:

	30 Jun. 2023	31 Dec. 2022
In thousands	₦'000	₦'000
Financial assets		
Trade and other receivables		
USD	249	233
Cash and cash equivalents		
USD	546	554
Financial liabilities		
Short- term borrowings		
USD	-	-
Trade and other payables		
USD	(8,194)	(10,766)
Net statement of financial position exposure		
USD	(7,400)	(9,979)

Sensitivity analysis

A strengthening of the Naira, as indicated below against the Dollar at 30 June would have increased 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 period and has no impact on equity.

	Average rate		Reporting date spot rate	
	30 June 2023	31 Dec. 2022	30 June 2023	31 Dec. 2022
	₦	₦	₦	₦
US Dollar	770.38	430.95	770.88	448.55
Euro	840.33	476.00	840.88	478.92

Interest rate risk profile

In managing interest rate risk, the Company aims to reduce the impact of short-term fluctuations in earnings. Dividend pay-out practices seek a balance between giving good returns to shareholders on one hand and maintaining a solid debt/equity ratio on the other hand.

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

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Fixed rate instruments		
Bank overdraft and borrowings	1,411,105	1,411,105
Trade payables*	1,287,717	2,577,396

*Included in trade payables is an amount of ₦467.2 million (Dec 2022: NGN377.4 million), due to one of the Company's vendors which bears interest on expiration of credit policy granted to the Company.

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the end of the reporting period would not affect profit or loss. The Company does not have variable rate instrument.

Notes to the Financial Statements

d) Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors capital using a ratio of "adjusted net debt" to equity. For this purpose, adjusted net debt is defined as total borrowings less cash and cash equivalents.

The Company's adjusted net debt to equity ratio at the end of the reporting period was as follows:

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Total borrowings (Note 27)	1,411,105	1,411,105
Less: Cash and cash equivalents (Note 21)	(2,161,140)	(3,216,445)
Adjusted net debt	**(750,035)**	**(1,805,340)**
Total equity	20,809,880	18,499,446
Total capital employed	20,059,845	16,694,106
Adjusted net debt to equity ratio	**(0.036)**	**(0.098)**

There were no significant changes in the Company's approach to capital management during the period.
The Company is not subject to externally imposed capital requirements.

e) Fair value disclosures

Accounting classification and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value subsequent to initial recognition, because the carrying amounts are a reasonable approximation of their fair values.

The Company's financial instruments are categorised as follows:

	Carrying amount		
	Financial assets at amortised cost	Other financial liabilities	Total
30 June 2023	₦'000	₦'000	₦'000
Financial assets not measured at fair value			
Trade and other receivables (Note 18)	12,577,354	-	12,577,354
Cash and cash equivalents (Note 21)	2,161,140	-	2,161,140
	14,738,494	**-**	**14,738,494**
Financial liabilities not measured at fair value			
Short term borrowings (Note 27)	-	1,411,105	1,411,105
Trade and other payables (Note 26)	-	21,932,152	21,932,152
Dividend payable (Note 25)	-	169,851	169,851
Contract liabilities (Note 24)	-	2,576,066	2,576,066
	-	**26,089,174**	**26,089,174**

	Carrying amount		
	Financial assets at amortised cost	Other financial liabilities	Total
31 December 2022	₦'000	₦'000	₦'000
Financial assets not measured at fair value			
Trade and other receivables (Note 18)	12,447,881	-	12,447,881
Cash and cash equivalents (Note 21)	3,216,445	-	3,216,445
	15,664,326	**-**	**15,664,326**
Financial liabilities not measured at fair value			
Short term borrowings (Note 27)	-	1,411,105	1,411,105
Trade and other payables (Note 26)	-	14,314,565	14,314,565
Dividend payable (Note 26)	-	169,851	169,851
Contract liabilities (Note 24)		2,221,109	2,221,109
	-	**18,116,630**	**18,116,630**

Trade and other receivables, cash and cash equivalent, trade and other payables, dividend payable, contract liabilities and other short term borrowings are the Company's short term financial instruments. Accordingly, management believes that their fair values are not expected to be materially different from their carrying values.

Notes to the Financial Statements

32 Related party transactions

(i) Parent and ultimate controlling entity

As at the period ended 30 June 2023, MRS Africa Holdings Limited (incorporated in Bermuda) owned 60% of the issued share capital of MRS Oil Nigeria Plc. MRS Africa Holdings Limited is a subsidiary of Corlay Global SA. The ultimate holding company is Corlay Global SA incorporated in Panama.

The Company entered into the following transactions with the under-listed related parties during the period:

(a) MRS Oil and Gas Limited (MOG)

MOG is a wholly owned subsidiary of MRS Holdings Limited which is a shareholder in Corlay Global SA. Corlay Global SA is the ultimate holding company of MRS Oil Nigeria Plc. The following transactions occurred during the period:

Nature of transactions	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Sales of goods	1,080,000	214,229
Staff Secondment	-	-
Product purchase	(7,186,735)	(6,088,800)
AGO Internal Consumption	(151,893)	(221,028)
Reimbursements for expenses	-	-

In current period, the value of product stored by MRS Oil and Gas Limited for the Company amounted to ₦7.2 billion (Dec 2022:₦935,702 thousand). The total transactions with MOG during the period was ₦6.3 billion (Dec 2022: ₦6.1 billion). The net balance due to MOG is ₦143 million (Dec 2022: ₦38.28 million due from MOG)

(b) Petrowest SA (Petrowest)

MRS Holdings Ltd which is a shareholder in Corlay Global S.A, the ultimate parent of MRS Oil Nigeria Plc; holds an indirect interest of 45% in Petrowest (through MOG). The net balance due to Petrowest was ₦3.1 billion (Dec 2022: ₦1.78 billion)

(c) MRS Holdings Limited

MRS Holdings Limited owns 50% of the shares in Corlay Global SA, the parent company of MRS Africa Holdings Limited. MRS Africa Holdings Limited has a majority shareholding in MRS Oil Nigeria Plc.

Nature of transactions	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
Management fees	(227,094)	(214,435)
Sale of goods	252,484	9,343

Net balance due to MRS Holdings Limited was ₦1.98 billion (Dec 2022: ₦1.60 billion)

(d) Net balances due to and from other related entities (Corlay entities) were as follows:

	30 Jun. 2023	31 Dec. 2022
	₦'000	₦'000
MRS Benin S. A.	116,418	67,740
Corlay Togo S. A.	26,502	11,137
Corlay Benin S. A	55,086	9,476
Corlay Cote D'Ivoire	(198,207)	(113,469)
Corlay Cameroun S. A.	27,556	16,034
	27,356	(9,083)

Notes to the Financial Statements

	Nature of transactions	30 Jun. 2023 ₦'000	31 Dec. 2022 ₦'000
MRS Benin S. A.	Reimbursements for expenses	-	
Corlay Togo S. A.	Reimbursements for expenses	7,141	12
Corlay Benin S. A	Reimbursements for expenses	4,761	10
Corlay Cote D'Ivoire	Reimbursements for expenses	2,380	5

The Corlay entities are subsidiaries of Corlay Global SA incorporated in Panama, the parent company of MRS Africa Holdings Limited, and are thereby affiliates of MRS Oil Nigeria Plc.

All outstanding balances do not bear interest and exclude value of products stored by MRS Oil and Gas Limited for the Company.

(e) Summary of intercompany receivables and payables:

	30 Jun. 2023		31 Dec. 2022	
	₦'000	₦'000	₦'000	₦'000
	Receivables	**Payables**	**Receivables**	**Payables**
MRS Oil and Gas Limited (MOG)	1,505,979	(1,648,983)	452,124	(490,407)
MRS Holdings Limited	252,484	(2,231,977)	-	(1,603,311)
Petrowest	-	(3,057,551)	-	(1,779,090)
MRS Benin S. A.	116,418	-	67,740	-
Corlay Togo S. A.	26,502	-	11,137	-
Corlay Benin S. A	55,086	-	9,476	-
Corlay Cote D'Ivoire	-	(198,207)	-	(113,469)
Corlay Cameroun S. A.	27,556	-	16,034	-
	1,984,025	**(7,136,719)**	**556,511**	**(3,986,276)**

All related partiies balances are receivable/payable on demand

(ii) Key management personnel compensation

The Company pays short term benefits to its directors as follows:

	31 Marh 2023 ₦'000	31 December 2022 ₦'000
Short term employee benefits	9,735	15,730

(iii) Related Party Transactions above 5% of total tangible assets

In line with Nigerian Stock Exchange - Rules Governing Transactions with Related Parties or Interested Persons, the Company has disclosed transactions with related parties which are individually or in aggregate greater than 5% of the total tangible assets. The total tangible assets amounted to ₦19.13 billion and the 5% disclosure limit is ₦968.6million. During the period, the Company had entered into transactions above the 5% disclosure limit with MRS Oil and Gas Limited.

Notes to the Financial Statements

33 Segment reporting

In accordance with the provisions of IFRS 8 – Operating Segments; the operating segments used to present segment information were identified on the basis of internal reports used by the Company's Board of Directors to allocate resources to the segments and assess their performance. The Managing Director is MRS Oil Nigeria Plc's "Chief operating decision maker" within the meaning of IFRS 8.

Segment information is provided on the basis of product segments as the Company manages its business through three product lines - Retail/Commercial & Industrial, Aviation, and Lubricants. The business segments presented reflect the management structure of the Company and the way in which the Company's management reviews business performance. The accounting policies of the reportable segments are the same as described in Note 3.

The Company has identified three operating segments:

(i) **Retail/ Commercial & Industrial** - this segment is responsible for the sale and distribution of petroleum products (refined products) to retail customers and industrial customers.

(ii) **Aviation** - this segment involves in the sales of Aviation Turbine Kerosene (ATK).

(iii) **Lubricants** - this segment manufactures and sells lubricants and greases.

Segment assets and liabilities are not disclosed as these are not regularly reported to the Chief Operating decision maker.

Segment revenues and cost of sales

Jun-23	**Revenue**		**Cost of sales**		**Gross profit**		**Margin**
	₦'000	**% of Total**	**₦'000**	**% of Total**	**₦'000**	**% of Total**	
Retail/C&I	55,569,607	*93%*	46,984,591	*93%*	8,585,016	*96%*	*15%*
Aviation	1,985,583	*3%*	1,903,975	*4%*	81,607	*1%*	*4%*
Lubes	2,093,704	*4%*	1,849,567	*4%*	244,137	*3%*	*12%*
Total	**59,648,894**	***100%***	**50,738,133**	***100%***	**8,910,760**	***100%***	

Jun-22	**Revenue**		**Cost of sales**		**Gross profit**		**Margin**
	₦'000	**% of Total**	**₦'000**	**% of Total**	**₦'000**	**% of Total**	
Retail/C&I	37,265,933	*62%*	34,895,018	*69%*	2,370,914	*27%*	*6%*
Aviation	3,454,749	*6%*	3,140,989	*6%*	313,760	*4%*	*9%*
Lubes	1,940,257	*3%*	1,908,677	*4%*	31,580	*0%*	*2%*
Total	**42,660,939**	***72%***	**39,944,684**	***79%***	**2,716,255**	***30%***	

34 Subsequent events

There are no significant subsequent events that could have had a material effect on the financial position of the Company as at 30 June 2023 and on the profit for the period ended on that date that have not been taken into account in these financial statements.

35 Contingencies

(a) Pending litigations

There are certain lawsuits pending against the Company in various courts of law. The total contingent liabilities in respect of pending litigations as at 30 June 2023 is N 14.5 billion. Per the assessment of the Company's legal team, the estimated liability is about ₦303.5 million (Dec 2022: ₦711.93million). The actions are being contested and the directors are of the opinion that no significant liability will arise from these legal cases. Also, the sum of ₦126.96 million (Dec 2022: ₦145.54)represents the value of law cases instituted by the company as the end of the reporting period.

(b) Financial commitments

The Directors are of the opinion that all known liabilities and commitments, which are relevant in assessing the state of affairs of the Company, have been taken into consideration in the preparation of these financial statements.

36 Comparative figures

Certain comparative balances have been reclassified to conform to the current period grouping

Reclassified from	**Reclassified to**	**Naira N'000**
Selling & Deistribution Expenses- Freight Expenses	Cost of Sales	635,860
Administrative Expenses–Amortization of ROU assets	Selling and distribution expenses	50,158
Administrative Expenses- Station running expenses	Selling and distribution expenses	18,382

STATEMENT OF COMPLIANCE

The company has a Securities Trading Policy in place, which guides its Directors, Executive Management, Officers and Employees on insider trading as well as trading of the company's shares. The company continues to carry out its operations in line with procedures consistent with excellence through partnership and transparency.

MRS Oil Nigeria Plc has established a Complaints Management Policy which stipulates guidelines, on responses to feedback from investors, clients and other stakeholders. The Policy provides an impartial, fair objective process of handling stakeholders' complaints as well as an established monitoring and implementation procedure.

The Company efficiently and effectively responds to feedback, to improve and exceed customers' expectations, client experience, as well as to deliver excellence service to its stakeholders.

Based on the recommendations of the Securities and Exchange Commission (SEC), the Nigerian Exchange Limited Listing Rules (as Amended), as well as other international best practices, the company has complied with corporate governance requirements and best practices. MRS Oil Nigeria Plc is committed to the continued sustenance of the principles of sound corporate governance.

The company has made specific enquiry of all directors as to whether they have complied with required standard set out in the lsiting rules and the company's trading policy and the company is not aware of any non-complaince.

WHISTLE BLOWING:
The Company with all laws in Nigeria that are relevant to its operations. In line with provisions of the Securities and Exchange Commission's Code of Corporate Governance, a whistle Blowing policy exists, for the reporting of serious, actual and suspected concerns of integrity and unethical behavior. An extract of this Policy can be found on the company's website.

Free Float Computation

Shareholding Structure/Free Float Status

	30 June 2023		31 December 2022	
Description	Unit	%	**Unit**	**%**
Issued Share Capital	342,884,707	100.00	342,884,707	100.00
Substantial Shareholdings (5% and above)				
MRS Africa Holdings Limited	205,730,807	60%	205,730,807	60%
First Pen Cust/Asset Management Corporation of Nigeria	35,909,818	10%	35,909,818	10%
Total Substantial Shareholdings	**241,640,624**	**70%**	**241,640,624**	**70%**
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
Ms. Amina Maina	37,278	1.1%	37,278	1.0%
Sir Sunday N. Nwosu	7,089	0.2%	7,089	0.2%
Mr Mathew Akinlade	642	0.0%	642	0.0%
Total Directors' Shareholdings	**45,009**	**1.3%**	**45,009**	**1.2%**
Free Float in Units and Percentage	**101,199,074**	**28%**	**101,199,074**	**28%**
Free Float in Value	**2,828,514,111**		**1,426,906,940**	

Declaration:

(A) MRS Oil Nigeria Plc with a free float percentage of 28% as at 30 June 2023, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

(B) MRS Oil Nigeria Plc with a free float value of =N= 2.83 billion as at 30 June 2023, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES ACT NO. 29 OF 2007

We the undersigned hereby certify the following with regards to our financial report for the period ended 30 June 2023 that:

(a) We have reviewed the Report;

(b) To the best of our knowledge, the Report does not contain:

(i) Any untrue statement of a material fact, or
(ii) Omit to state a material fact, which would make the statements, misleading in the light of the circumstances under which such statements were made;

(c) To the best of our knowledge, the Financial Statement and other financial information included in the Report fairly present in all material respects the financial condition and results of operation of the company as of and for periods presented in the Report.

(d) We:
(i) Are responsible for establishing and maintaining internal controls.
(ii) Have designed such internal controls to ensure that material information relating to the Company, particularly during the period in which the periodic reports are being prepared;

(e) We have disclosed to the Auditors of the Company and the Audit Committee;
Any fraud, whether or not material, that involves management or other employees who have significant roles in the Company's internal controls.

Mr. Marco Storari
(Managing Director)
FRC/2020/003/00000022083

Mr. Samson Adejonwo
(Chief Finance Officer)
FRC/2020/001/00000021998

Chief Amobi D. Nwokafor
(Director)
FRC/2013/ICAN/00000002770

27 July 2023