

CONOIL PLC

Registered office:

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

Operations office:

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

**UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2023**

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Directors:	Dr. Mike Adenuga (Jr), GCON	- Chairman
	Mr. Kheterpal Hardeep Singh	- Managing Director
	Dr. Moses Ebietsuwa Omatsola	- Director
	Mr. Mike Jituboh	- Director
	Mr. Ike Oraekwuotu	- Director
	Engr Babatunde Okuyemi	- Director
	Mr. Joshua Ariyo	- Director
	Mr. Ademola Idowu	- Director
	Miss Abimbola Michael - Adenuga	- Executive Director
Mr. Salam Ajani Ismail	- Executive Director	

Company Secretary: Mr. Conrad Eberemu

RC Number: 7288

Registered Office: Bull Plaza
38/39 Marina
Lagos
www.conoilplc.com

Auditors: Nexia Agbo Abel & Co
43 Anthony Enahoro Street
Utako
FCT Abuja.
www.nexianigeria.com

Registrars: Meristem Registrars Limited
213 Herbert Macaulay Way
Adekunle
Yaba
Lagos
www.meristemregistrars.com

Bankers: First Bank of Nigeria Limited
Guaranty Trust Bank Plc
Sterling Bank Plc
United Bank for Africa Plc

	December 2023 N'000	December 2022 N'000	% Change
Revenue	201,387,053	131,422,272	53.2
Profit before taxation	12,032,244	6,134,762	96.1
Taxation	(2,406,449)	(1,177,036)	104.4
Profit for the year	9,625,795	4,957,726	94.2
Retained earnings	28,731,384	20,840,469	37.9
Share capital	346,976	346,976	-
Shareholders' funds	32,903,129	25,012,214	31.5
<hr/>			
<i>Per share data</i>			
Earnings per share (kobo)	1,387	714	94.2
Dividend per share (kobo)	-	250	-
Net assets per share (kobo)	4,741	3,604	31.5

In conformity with the provisions of Section 377 of the Companies and Allied Matters Act 2020, the Directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, 2020. In doing so, they ensure that:

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

- Proper accounting records are maintained;
 - Applicable accounting standards are complied with;
 - Suitable accounting policies are adopted and consistently applied;
 - Judgments and estimates made are reasonable and prudent;
 - The going concern basis is used, unless it is inappropriate to presume that the Company will continue in business; and
- Internal control procedures are instituted which, as far as is reasonably possible, safeguards the assets
- and also prevents and detects fraud and other irregularities.

Going Concern

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

The financial statements of the Company for the period ended 31 December, 2023 were approved by the Directors on January 29, 2024.

On behalf of the Directors of the Company



Mr. Salam Ismail Ajani

Finance Director

FRC/2018/ICAN/00000018798



Dr. M. Ebietsuwa Omatsola

Director

FRC/2013/COMEG/00000003735



Mr. Kheterpal Hardeep Singh

Managing Director

FRC/2018/NIM/00000018841

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

We, the undersigned, hereby certify the following with regards to the Financial Statements for the period ended 31 December 2023 that:

- a. We have reviewed the reports;
- b. To the best of our knowledge, the report does not contain:
 - i. Any untrue statement of a material fact, or
 - ii. Omit to state a material fact, which would make the statements misleading in the light of the circumstance under which such statement was made.
- c. To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operations of the Company as of, and for the periods presented in the reports.
- d. We:
 - i. Are responsible for establishing and maintaining internal controls;
 - ii. Have designed such internal controls to ensure that material information relating to the company and its consolidated subsidiary is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
 - iii. Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date.
 - iv. Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date.
- e. We have disclosed to the Auditors of the Company and Audit Committee:
 - i. All significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's Auditors any material weakness in internal controls; and
 - ii. Any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls.
- f. We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weakness.



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



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

CERTIFICATION IN COMPLIANCE WITH RULE 17.15 DISCLOSURE OF DEALINGS IN ISSUER'S SHARES

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) Conoil Plc maintains effective Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares.

The Policy is regularly reviewed and updated by the Board. The Company has made specific inquiries of all the directors and other insiders and is not aware of any infringement.

A handwritten signature in blue ink, appearing to read "Salam Ismail Ajani".

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

A handwritten signature in black ink, appearing to read "Kheterpal Hardeep Singh".

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

SHAREHOLDING STRUCTURE/FREE FLOAT STATUS

Description	31-Dec-23		31-Dec-22	
	Unit	Percentage	Unit	Percentage
Issued Share Capital	693,952,117.00	100	693,952,117.00	100
Substantial Shareholdings (5% and above)				
Conpetro Limited	516,298,603.00	74.40	516,298,603.00	74.40
Total Substantial Shareholdings	516,298,603.00	74.40	516,298,603.00	74.40
Directors Shareholdings (Direct & Indirect), Excluding Directors with				
Dr. M. E. Omatsola	541.00	0.000001	541	0.000001
Engr. Babatunde Okuyemi	8,500.00	0.000012	8,500	0.000012
Mr. Joshua Ariyo	25,365.00	0.000037	25,365	0.000037
Mr. Ademola Idowu	15,125.00	0.000022	15,125	0.000022
Total Directors Shareholding	49,531.00	0.000071	49,531	0.000071
Other Influential Shareholdings				
	Nil	Nil	Nil	Nil
Total Other Influential Shareholdings	Nil	Nil	Nil	Nil
Free Float in Units and Percentage	168,336,550.00	24.26%	168,336,550	24.26%

DECLARATION:

Conoil Plc with a free float percentage of 24.26% as at 31 December 2023, is compliant with The Exchange's Free Float requirements for the companies listed on the Main Board.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2023**

		Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
	Note		N'000	N'000	N'000
Revenue	5	63,498,597	41,127,443	201,387,053	131,422,272
Cost of sales	6	(59,433,504)	(35,736,679)	(180,083,906)	(117,416,191)
Gross profit		4,065,093	5,390,764	21,303,146	14,006,081
Other operating income	7	-	54,479	94,368	141,561
Other gains or losses	8	-	-	-	8,336
Distribution expenses	9	(1,345,085)	(612,918)	(2,752,521)	(2,293,716)
Administrative expenses	10	(1,000,085)	(1,072,158)	(4,666,787)	(4,256,017)
Finance cost	11	(740,856)	(409,046)	(1,945,963)	(1,471,483)
Profit before tax	12	979,067	3,351,121	12,032,244	6,134,762
Income tax expense	13	(44,009)	(66,030)	(2,406,449)	(1,177,036)
Profit for the period		935,058	3,285,091	9,625,795	4,957,726
Other comprehensive income for the year net taxes		-	-	-	-
Total comprehensive income		935,058	3,285,091	9,625,795	4,957,726
Earnings per share					
Basic earnings per share (kobo)	14	135	473	1,387	714
Diluted earnings per share (kobo)	14	135	473	1,387	714

The notes on pages 13 to 49 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 31 DECEMBER 2023**

Assets	Note	December 2023 N'000	December 2022 N'000
Non-current assets			
Property, plant and equipment	15	1,367,833	1,409,586
Intangible assets	16	10	10
Investment property	17	10	49,650
Other financial assets	18	10	10
Prepayments	19	36,679	25,219
Deferred tax assets	13	2,207,361	2,207,361
Total non-current assets		3,611,903	3,691,836
Current assets			
Inventories	20	22,168,440	5,260,146
Trade and other receivables	21	71,549,256	50,979,568
Prepayments	19	74,832	96,120
Cash and bank balances	22	10,583,256	5,881,568
Total current assets		104,375,784	62,217,402
Total assets		107,987,687	65,909,238
Equity and liabilities			
Equity			
Share capital	23	346,976	346,976
Share premium	23	3,824,769	3,824,769
Retained earnings	24	28,731,384	20,840,469
Total equity		32,903,129	25,012,214
Non - Current liabilities			
Distributors' deposits	27	491,099	486,599
Deferred tax liabilities	13	162,944	162,944
Decommissioning liability	28	109,048	102,329
Total non-current liabilities		763,091	751,872
Current liabilities			
Borrowings	25	32,004,652	5,705,419
Trade and other payables	26	37,598,315	31,467,097
Current tax payable	13	4,718,500	2,972,636
Total current liabilities		74,321,467	40,145,152
Total liabilities		75,084,558	40,897,024
Total equity and liabilities		107,987,687	65,909,238

These financial statements were approved by the Board of Directors on January 29, 2024 and signed on its behalf by:



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



Dr. M. Ebietsuwa Omatsola
Director
FRC/2013/COMEG/0000000373



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

The notes on pages 13 to 49 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2023**

	Share capital N'000	Share premium N'000	Retained earnings N'000	Total equity N'000
Balance at 1 January 2022	346,976	3,824,769	17,617,623	21,789,368
Profit for the year	-	-	4,957,726	4,957,726
Other comprehensive income (net of tax)	-	-	-	-
Total comprehensive income	-	-	4,957,726	4,957,726
Dividends to shareholders	-	-	(1,734,880)	(1,734,880)
Balance at 31 December 2022	346,976	3,824,769	20,840,469	25,012,214
Balance at 1 January 2023	346,976	3,824,769	20,840,469	25,012,214
Profit for the year	-	-	9,625,795	9,625,795
Prior year adjustments	-	-	-	-
Other comprehensive income (net of tax)	-	-	-	-
Total comprehensive income	-	-	9,625,795	9,625,795
Dividends to shareholders	-	-	(1,734,880)	(1,734,880)
Balance at 31 December 2023	346,976	3,824,769	28,731,383	32,903,128

The notes on pages 13 to 49 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2023

	Note	December 2023 N'000	December 2022 N'000
Profit before tax		12,032,244	6,134,762
Adjustments to reconcile profit before tax to net cash provided:			
Interest from bank deposits	7	-	(6,619)
Interest on bank overdraft	11	1,939,244	1,465,777
Accretion expense	11	6,719	5,706
Depreciation of property, plant and equipment	15	700,350	469,546
Amortisation of intangible assets	16	-	24,685
Depreciation of investment property	17	49,640	49,650
Withholding tax credit	13	-	-
Changes in working capital:			
(Increase)/ decrease in inventories		(16,908,294)	3,495,176
(Increase)/ decrease in trade and other receivables		(20,559,862)	(16,719,623)
(Decrease) in trade and other payables		6,491,701	9,815,473
(Increase) in distributors' deposits		4,500	(1,571)
Cash generated/(used) in operations		(16,243,759)	4,732,961
Tax paid		(660,585)	(302,656)
Value added tax paid		(353,764)	(353,764)
Net cash generated/(used) in operating activities		(17,258,107)	4,076,541
Cashflows from investing activities			
Purchase of property, plant and equipment	15	(658,596)	(8,910)
Purchase of intangible assets	16	-	-
Interest received	7	-	6,619
Net cash used in investing activities		(658,596)	(2,291)
Cashflows from financing activities			
Interest paid	11	(1,945,963)	(1,471,483)
Dividends paid	24	(1,734,880)	(1,734,880)
Net cash used in financing activities		(3,680,843)	(3,206,363)
Net (decrease)/increase in cash and cash equivalents		(21,597,546)	867,887
Cash and cash equivalents at 1 January		176,149	(691,738)
Cash and cash equivalents at 31 December	22	(21,421,398)	176,149

(21,421,398)

Negative cash and cash equivalent position arose basically as a result of the need to invest more in inventory stock and drive sales through credit sales during the year.

The notes on pages 13 to 49 form part of these financial statements.

1. The Company

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

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

1.1 Composition of Financial Statements

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

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

Additional information provided by the management includes:

- Value added statement
- Five-year financial summary

1.2 Financial period

These financial statements cover the financial year from 1 January 2023 to 31 December 2023 with comparative figures for the financial year from 1 January 2022 to 31 December 2022.

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

2.1 Accounting standards and interpretations issued and effective

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

Effective for the financial year commencing 1 January 2022

- Property, plant and Equipments: Proceeds before intended use (Amendment to IAS 16)
- Amendments to IFRS 3: Reference to conceptual framework
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual improvements to IFRS standards 2018-2020

2.2 Accounting standards and interpretations issued and effective 1 January 2023

The following revisions to accounting standards and pronouncements that are applicable to the Company were issued and effective 1 January 2023.

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

Effective for the financial year commencing 1 January 2023

- Definitions of accounting estimates (Amendment to IAS 8)
- Classification of liabilities as current and Non current (Amendment to IAS 1)
- Disclosures of accounting policies (Amendment to IAS 1 and IFRS practice statement 2)
- Sales and contribution of Asset between an investor and its associate or Joint venture (Amendment to IFRS 10 and IAS 28)
- Amendment to IAS 12 Income Taxes. Deferred tax related to asset and liability arising from a single transaction
- IFRS 17 - Insurance Contracts

2.1 Accounting standards and interpretations issued and effective

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

Standard	Nature of change	Required to be implemented for periods beginning on or after
Property, Plant and Equipment: Proceeds before intended use (Amendments to IAS 16)	<p>The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.</p> <p>The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.</p> <p>If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.</p> <p>The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.</p> <p>The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.</p>	1 January 2022

2.1 Accounting standards and interpretations issued and effective (continued)

Standard	Nature of change	Required to be implemented for periods
Amendments to IFRS 3 – Reference to the Conceptual Framework	<p>The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.</p> <p>They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.</p>	1 January 2022
Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract	<p>The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).</p> <p>The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.</p> <p>The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.</p>	1 January 2022

2.1 Accounting standards and interpretations issued and effective (continued)

Standard	Nature of change	Required to be implemented for periods beginning on or after
Annual Improvements to IFRS Standards 2018–2020	<p>The following improvements were finalised in May 2020:</p> <ul style="list-style-type: none"> • IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities. • IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. • IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent’s books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption. • IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis. 	1 January 2022

2.2 Accounting standards and interpretations issued and effective (continued)

Standard	Nature of change	Required to be implemented for periods beginning on or after
Definition of Accounting Estimates (Amendments to IAS 8)	<p>The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.</p> <p>The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:</p> <ul style="list-style-type: none"> • A change in accounting estimate that results from new information or new developments is not the correction of an error • The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors <p>The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.</p> <p>The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with</p>	1 January 2023

2.2 Accounting standards and interpretations issued and effective (continued)

Standard	Nature of change	Required to be implemented for periods beginning on or after
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	<p>The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.</p> <p>The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.</p> <p>They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.</p> <p>In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.</p>	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	<p>The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.</p> <p>To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.</p>	1 January 2023
Sale or contribution of assets between an investor and its associate or joint venture – (Amendments to IFRS 10 and IAS 28)	<p>The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in Associates and Joint Ventures.</p> <p>The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investors in the associate or joint venture. The amendments apply prospectively.</p>	N/A**

2.2 Accounting standards and interpretations issued and effective (continued)

Standard	Nature of change	Required to be implemented for periods beginning on or after
IFRS 17 Insurance Contracts	<p>IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of:</p> <ul style="list-style-type: none"> • discounted probability-weighted cash flows • an explicit risk adjustment, and • a contractual service margin (“CSM”) representing the unearned profit of the contract which is recognised as revenue over the coverage period. <p>The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.</p> <p>An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.</p> <p>There is a modification of the general measurement model called the ‘variable fee approach’ for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity’s share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model.</p> <p>The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. The directors do not anticipate that the application of the Standard in the future will have an impact on the Consolidated Financial Statements.</p>	1 January 2023

2.2 Accounting standards and interpretations issued and effective (continued)

Standard	Nature of change	Required to be implemented for periods beginning on or after
Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	<p>The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.</p> <p>The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:</p> <ul style="list-style-type: none"> • right-of-use assets and lease liabilities, and • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. <p>The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.</p> <p>IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.</p>	1 January 2023

3. Significant accounting policies

3.1 Statement of compliance

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

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

3.2 Accounting principles and policies

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

3.3 Revenue recognition

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

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

3.3.1 Sale of goods

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

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

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

3.3.2 Interest revenue

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

3.3.3 Service income

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

3.4 Foreign currency translation

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

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

3. Significant accounting policies (Continued)

3.5 Pensions and other post-employment benefits

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

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

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

3.6 Taxation

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

3.6.1 Current tax

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

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

3.6.2 Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

3.7 Property, plant and equipment

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

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

3. Significant accounting policies (Continued)

4 Property, plant and equipment (Continued)

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

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

Freehold land and Assets under construction are not depreciated.

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

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

4 Intangible assets

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

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

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

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

4 Investment property

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

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

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

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

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

3. Significant accounting policies (Continued)

3.10 Impairment of long lived assets

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

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

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

3.11 Non-current assets held for sale

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

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

3.12 Inventories

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

3.13 Cash and cash equivalents

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

3.14 Provisions

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

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

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

3. Significant accounting policies (Continued)

3.14 Provisions (Continued)

i. Onerous contracts

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

ii. Restructuring

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

3.15 Financial instruments

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

3.15.1 Financial assets

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

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

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

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

b. **Classification of financial assets**

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

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

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

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

3. Significant accounting policies (Continued)

b. Classification of financial assets (Continued)

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

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

By default, all other financial assets are measured subsequently

Trade and other receivables

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

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

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

Cash and cash equivalents

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

c. Foreign exchange gains and losses

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

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

d. Impairment of financial assets

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

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

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

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

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

3. Significant accounting policies (Continued)

d. Impairment of financial assets (Continued)

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

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

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

Measurement of ECLs

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

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

Objective evidence of impairment could include:

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

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

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

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

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

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

e. Derecognition of financial assets

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

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

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

3. Significant accounting policies (Continued)

3.15 Financial instruments

3.15.2 Financial liabilities and equity

a. Classification as debt or equity

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

b. Equity instruments

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

c. Financial liabilities

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

Other financial liabilities

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

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

d. Foreign exchange gains and losses

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

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

e. De-recognition of financial liabilities

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

3.16 Creditors and accruals

Creditors and accruals are the financial obligations due to third parties and are falling due within one year.

3.17 Asset retirement obligations

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

4. Critical accounting judgements and key sources of estimation uncertainty

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

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

4.1 Critical judgments in applying the accounting policies

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

4.1.1 Revenue recognition

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

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

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

4.1.2 Contingent liabilities

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

4.2 Key sources of estimation uncertainty

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

4.2.1 Useful lives of property, plant and equipment

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

4.2.2 Decommissioning liabilities

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

4.2.3 Impairment losses on receivables

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

4.2.4 Allowance for obsolete inventory

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

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

4.2.5 Valuation of financial liabilities

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

4.2.6 Impairment on non-current assets

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

5. Revenue

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

	December 2023	December 2022
	N'000	N'000
Revenue from sale of petroleum products	201,387,053	131,422,272

5.1 All the sales were made within Nigeria.

6. Segment information

The reportable segments of Conoil Plc are strategic business units that offer different products. The report of each segment is reviewed by management for resource allocation and performance assessment. Operating segments were identified on the basis of differences in products. The Company has identified three operating and reportable segments: White products, Lubricants and Liquefied Petroleum Gas (LPG). The White products segment is involved in the sale of Premium Motor Spirit (PMS), Aviation Turbine Kerosene (ATK), Dual Purpose Kerosene (DPK), Low-pour Fuel Oil (LPFO) and Automotive Gasoline/grease Oil (AGO). The products under the lubricants segment are Lubricants transport, Lubricants industrial, Greases, Process Oil and Bitumen. Products traded under LPG segment are Liquefied Petroleum Gas - Bulk, Liquefied Petroleum Gas - Packed, cylinders and valves.

6. Segment information (Continued)

The segment results for the period ended 31 December 2023 are as follows:

	White Products		Lubricants		LPG		Total	
	N'000	%	N'000	%	N'000	%	N'000	%
Revenue	194,960,924	97	6,426,129	3	-	-	201,387,053	100
Cost of sales	(174,903,204)	97	(5,180,702)	3	-	-	(180,083,906)	100
Gross profit	20,057,719		1,245,427		-		21,303,146	

The segment results for the period ended 31 December 2022 are as follows:

	White Products		Lubricants		LPG		Total	
	N'000	%	N'000	%	N'000	%	N'000	%
Revenue	120,366,936	92	11,055,336	8	-	-	131,422,272	100
Cost of sales	(107,886,986)	92	-	8	-	-	(117,416,191)	100
Gross profit	12,479,950		11,055,336		-		14,006,081	

2023 segment cost of sales - Analysis

	White Products		Lubricants		LPG		Total	
	N'000		N'000		N'000		N'000	
Stock at 1 January	4,251,028		1,008,389		729		5,260,147	
Purchases	189,042,326		8,009,875		-		197,052,201	
Stock at 31 December	(18,390,150)		(3,837,562)		(729)		(22,228,441)	
	174,903,204		5,180,702		-		180,083,906	

2023 segment cost of sales - Analysis

	White Products		Lubricants		LPG		Total	
	N'000		N'000		N'000		N'000	
Stock at 1 January	2,725,366		6,029,228		729		8,755,323	
Purchases	109,412,648		4,508,365		-		113,921,014	
Stock at 31 December	(4,251,028)		(1,008,389)		(729)		(5,260,146)	
	107,886,986		9,529,205		-		117,416,191	

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

	December 2023	December 2022
	N'000	N'000
7. Other operating income		
Rental income:		
Rental income	-	23,871
Service income	94,368	111,071
Interest income:		
Interest from bank deposits	-	6,619
	94,368	141,561
8. Other gains or losses		
Exchange gain	-	8,336
	-	8,336
9. Distribution expenses		
Freight costs	2,545,109	2,190,865
Marketing expenses	207,412	102,851
	2,752,521	2,293,716

	December 2023	December 2022
	N'000	N'000
10. Administration expenses		
Staff cost	1,553,838	1,776,416
Depreciation of property, plant and equipment	700,350	469,546
Rent and rates	644,100	705,759
Litigation claims (Note 35.1)	-	71,773
Provision for bad and doubtful debts	60,000	-
Repairs and maintenance	266,564	100,784
Pension fund - employer's contribution	103,121	113,870
Insurance	224,130	175,040
Security services	94,757	68,680
Throughput others	154,512	110,455
Postages, telephone and telex	70,278	79,418
Depreciation of investment property	49,650	49,650
Own used oil	207,412	224,745
Subscriptions	16,892	10,830
Travelling	64,527	37,094
Annual General Meeting	45,000	38,697
Staff training and welfare	26,441	25,941
Directors' remuneration	29,310	37,462
Consumables, small tools and equipment	55,896	17,028
Water and electricity	94,663	33,971
Audit fee	25,191	25,191
Amortisation of intangible asset	-	24,685
Health safety and environmental expenses	20,343	12,473
Printing and stationery	9,393	12,676
Bank charges	2,782	2,696
Vehicle, plant and equipment running	9,126	9,345
Legal and professional charges	64,633	4,352
Medical	738	378
Entertainment and hotels	7,099	9,497
Provision for obsolete stock	60,000	-
Other expenses	6,043	7,567
	4,666,787	4,256,017
11. Finance cost		
Interest on bank overdraft	1,939,244	1,465,777
Accretion expense (Note 28)	6,719	5,706
	1,945,963	1,471,483

Bank overdrafts are repayable on demand. The average effective interest rate on bank overdrafts approximates 19% (2022: 14.7%) per annum and are determined based on NIBOR plus lender's mark-up.

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

	December 2023	December 2022
	N'000	N'000
12. Profit before tax		
This is stated after charging/(crediting) the following:		
Depreciation of property, plant and equipment	700,350	469,546
Depreciation of investment property	49,650	25,941
Director's emoluments	29,310	37,462
Auditors remuneration	25,191	29,798
Amortisation of intangible asset	-	9,345
Exchange gain	-	(8,336)
13. Taxation		
13.1 Income tax recognised in profit or loss		
Current tax		
Income tax	2,074,961	1,074,284
Education tax	300,806	167,561
Nigerian Police Trust Fund Levy	602	
Nat. Agency for Science & Engineering Infrastructure Levy	30,081	
Deferred tax		
Deferred tax (credited) in the current year	-	(65,115)
Total income tax expense recognised in the current year	2,406,449	1,177,036
At 1 January	2,972,636	2,033,141
Payment during the year	(660,585)	(302,656)
Withholding tax utilised during the year	-	-
Transfer to deferred tax (Note 13.1)	-	65,115
Per statement of financial position	4,718,500	2,972,636
Balance above is made up of :		
Company income tax	4,149,388.06	2,639,347
Education tax	537,868.31	332,702
Capital gains tax	280	280
Police trust fund levy	883	307
Nat. Agency for Science & Engineering Infrastructure Levy	30,081	-
	4,718,500	2,972,636

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

13. Taxation (Continued)	December 2023	December 2022
13.2 Deferred tax	N'000	N'000
Deferred tax assets and liabilities are attributable to the following;		
Deferred tax assets	2,207,361	2,207,361
Deferred tax liabilities	(162,944)	(162,944)
Deferred tax assets (net)	<u>2,044,417</u>	<u>2,044,417</u>

14. Basic earnings per share

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

	December 2023	December 2022
	N'000	N'000
Earnings		
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the Company	9,625,795	4,957,726
Number of shares	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	693,952,117	693,952,117
Basic earnings per 50k share	Kobo per share	Kobo per share
From continuing operations	1,387	714
Diluted earnings per 50k share		
From continuing operations	1,387	714

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

15. Property, plant and equipment	Freehold land	Freehold buildings	Plant & machinery	Furniture & fittings	Motor vehicles	Computer equipment	Total
Cost:	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
As at 1 January 2022	147,766	6,953,739	12,110,514	4,388,254	2,209,178	1,082,759	26,892,210
Additions	-	-	7,408	-	-	1,502	8,910
At 31 December 2022	147,766	6,953,739	12,117,922	4,388,254	2,209,178	1,084,261	26,901,120
Additions	-	65,139	379,457	-	214,000	-	658,596
At 31 December 2023	147,766	7,018,878	12,497,378	4,388,254	2,423,178	1,084,261	27,559,716
Accumulated depreciation and							
As at 1 January 2022	-	5,605,707	11,872,600	4,289,625	2,208,907	1,045,149	25,021,988
Adjustment (Note 15.5)	-	-	-	-	-	-	-
Charge for the year	-	347,687	79,902	30,044	262	11,652	469,546
At 31 December 2022	-	5,953,394	11,952,502	4,319,669	2,209,169	1,056,801	25,491,534
Adjustment (Note 15.5)	-	-	-	-	-	-	-
Charge for the period	-	562,962	72,392	54,440	-	10,556	700,350
At 31 December 2023	-	6,516,356	12,024,893	4,374,110	2,209,169	1,067,357	26,191,884
Carrying amount:							
At 31 December 2023	147,766	502,523	472,485	14,144	214,010	16,904	1,367,833
At 31 December 2022	147,766	1,000,345	165,420	68,585	10	27,461	1,409,587

15.1 Impairment assessment

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

15.2 Contractual commitment for capital expenditure

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

15.3 Assets pledged as security

No asset was pledged as security as at 31 December 2023 (2022: nil)

15.4 Work in progress

This refers to capital expenditure incurred on items of property plant and equipment which are however not ready for use and therefore not depreciated during the year.

	December 2023	December 2022
	N'000	N'000
16. Intangible assets		
Computer software:		
Cost:		
As at 1 January	133,290	133,290
Additions during the year	-	-
At 31 December	133,290	133,290
Accumulated amortisation:		
As at 1 January	133,281	108,596
Charge for the year	-	24,685
At 31 December	133,281	133,281
Carrying amount		
At 31 December	10	10
17. Investment property		
Building:		
Cost:		
As at 1 January	993,000	993,000
Additions during the year	-	-
At 31 December	993,000	993,000
Accumulated depreciation:		
As at 1 January	943,350	893,700
Charge for the year	49,640	49,650
At 31 December	992,990	943,350
Carrying amount		
At 31 December	10	49,650
The Company's investment property is held under freehold interests.		
18. Other financial assets		
Investment in Nigerian Yeast and Alcohol Manufacturing Plc		
Cost	1,846	1,846
Impairment	(1,836)	(1,836)
	10	10

has stopped business operations for several years, hence the Company has impaired its investments.

	2023	2022
	N'000	N'000
19. Prepayments		
Current		
Prepaid rent and insurance	74,831	96,120
	74,831	96,120
Non-current		
Prepaid rent	36,679	25,219
	36,679	25,219

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

	December 2023	December 2022
	N'000	N'000
20. Inventories		
White products (Note 20.1)	18,330,150	4,251,028
Lubricants	3,837,562	1,008,389
LPG	729	729
	22,168,440	5,260,146

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

	2023	2022
	N'000	N'000
21. Trade and other receivables		
Trade debtors	35,031,890	28,835,581
Allowance for bad and doubtful debts	(5,973,998)	(5,913,998)
	29,057,891	22,921,583
Bridging claims receivable (Note 21.3)	4,575,356	2,398,335
Advance from related company (Note 32)	-	211,939
Advance for product supplies	33,303,299	20,826,290
Deposit for litigation claims (Note 35.2)	4,347,126	4,347,126
Withholding tax recoverable (Note 21.4)	-	-
Other debtors (Note 21.1)	265,584	274,295
	71,549,256	50,979,568

21.1 Other debtors balance includes :

Advance deposits	525,364	520,794
Insurance claims receivables	29,641	29,641
Employee advances	13,651	27,053
Retail outlet statutory fees	33,872	33,752
Provision for doubtful advance deposits	(336,944)	(336,944)
	265,584	274,295

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

	2023	2022
	N'000	N'000
Ageing of trade debtors		
Current	25,139,620	22,762,015
Less than 90 days	3,873,899	148,765
91 - 180 days	91,801	10,803
181 - 360 days	12,571	-
Above 360 days	5,913,998	5,913,998
Total	35,031,890	28,835,581

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

	December 2023 N'000	December 2022 N'000
21. Trade and other receivables (Continued)		
Ageing of allowance for bad and doubtful debts		
Less than 90 days	15,000	-
91 - 180 days	15,000	-
181 - 360 days	20,000	-
Above 360 days	5,923,998	5,913,998
Total	5,973,998	5,913,998

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

	2023 N'000	2022 N'000
Allowance for bad and doubtful debts		
As at 1 January	5,913,998	5,913,998
Provision for the year	60,000	-
At 31 December	5,973,998	5,913,998

21.3 Bridging claims receivable

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

21.4 Withholding tax recoverable

	2023 N'000	2022 N'000
As at 1 January	-	-
Addition during the year	-	-
Amount utilised during the year	-	-
At 31 December	-	-

22. Cash and cash equivalents

	December 2023 N'000	December 2022 N'000
Cash and bank	10,583,256	5,881,568
Bank overdraft	(32,004,652)	(5,705,419)
Cash and cash equivalents	(21,421,395)	176,149

The Company did not have any restricted cash at the reporting date (2022: nil).

23. Share capital

	December 2023 N'000	December 2022 N'000
Authorised		
700,000,000 ordinary shares of 50k each	350,000	350,000
Issued and fully paid		
693,952,117 ordinary shares of 50k each	346,976	346,976
Share premium account		
At 31 December	3,824,769	3,824,769

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2023**

	December 2023	December 2022
	N'000	N'000
24. Retained earnings		
At 1 January	20,840,469	17,617,623
Dividend declared and paid	(1,734,880)	(1,734,880)
Prior year adjustments (Note 15.5)	-	-
Profit for the period	9,625,795	4,957,726
At 31 December	28,731,384	20,840,469
	December	December
	2023	2022
	N'000	N'000
24.1 Dividend		
Summary		
As at 1 January	141,429	141,429
Dividend declared	-	1,734,880
Dividend - Sterling Registrars	-	-
	141,429	1,876,309
Payments - Meristem Registrars	-	(1,734,880)
At 31 December	141,429	141,429

	December 2023	December 2022
	N'000	N'000
25. Borrowings		
Unsecured borrowing at amortised cost		
Bank overdraft	32,004,652	5,705,419

Bank overdrafts are repayable on demand. The average effective interest rate on bank overdrafts approximates 19% (2022: 14.70%) per annum and is determined based on NIBOR plus lender's mark-up.

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

	December 2023	December 2022
	N'000	N'000
26. Trade and other payables		
Trade creditors - Local	2,495,091	4,024,006
Bridging contribution (Note 26.2)	1,562,192	1,512,402
Trade creditors - Imported	-	6,883,210
Due to related parties (Note 32)	-	82,336
Value added tax payable	2,139,225	1,557,272
Withholding tax payable	267,517	433,677
PAYE payable	444,907	397,471
Payables to PPPRA	-	44,816
Staff Pension and similar obligations (Note 26.3)	1,608	18,145
Unclaimed dividend (Note 24.1)	141,429	141,429
Other creditors and accruals (Note 26.1)	30,546,347	16,372,333
	37,598,315	31,467,097
26.1 Other creditors and accruals		
Non-trade creditors (Note 26.4)	23,031,126	8,942,605
Litigation claims	4,553,546	4,481,773
Rent	1,711,425	1,441,741
Insurance premium	754,540	900,543
Employees payables	398,535	507,217
Lube incentives	-	-
Surcharges	71,982	73,262
Audit fees	25,191	25,191
	30,546,347	16,372,333

26.2 Bridging contributions

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

	December 2023	December 2022
	N'000	N'000
26.3 Staff pension		
At 1 January	18,144	1,608
Contributions during the year	140,113	204,966
Remittance in the year	(156,649)	(188,430)
At 30 September/ 31 December	1,608	18,144

26.4 Non-trade creditors represent sundry creditors balances for various supplies and contracts carried out but unpaid for as at 31 December 2023.

	December 2023	December 2022
	N'000	N'000
27. Distributors' deposit		
At 1 January	486,599	488,170
New deposits	7,000	1,000
Refunds	(2,500)	(2,571)
At 31 December	491,099	486,599

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

28. Decommissioning liability

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

	December 2023	December 2022
	N'000	N'000
At 1 January	102,329	96,623
Addition		
Asset decommissioned	-	-
Accretion	6,719	5,706
At 31 December	109,048	102,329

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

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

29. Financial instrument

29.1 Significant accounting policies

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

29.2 Significant accounting policies

	December	December
Financial asset	2023	2022
	N'000	N'000
Cash and bank balance	10,583,256	5,881,568
Loans and receivables	71,283,673	50,705,273
	81,866,929	56,586,841
Financial liabilities		
Financial liabilities at amortized cost:		
Trade and other payables	34,746,667	29,078,678
Borrowings	32,004,652	5,705,419
	66,751,319	34,784,097

29.3 Fair value of financial instruments

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

30. Financial risk management

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

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

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

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

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

30.1 Financial risk management objectives

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

30.2 Interest rate risk management

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

Interest rate risk

Sensitivity Analysis

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

	Average rate	December 2023 N'000	December 2022 N'000
Variable rate instruments:			
Financial assets	-	-	-
Bank overdrafts	19% (2022: 14.7%)	32,004,652	5,705,419
		32,004,652	5,705,419

Sensitivity Analysis of variable rate instruments

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

	Interest charged		Effect of Increase/ Decrease in Exchange Rate
31 December 2023	1,939,244	+/-2	189,966
31 December 2022	1,465,777	+/-2	143,586

30. Financial risk management (Continued)

30.3 Foreign currency risk

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

The carrying amounts of the Company's foreign denominated monetary assets and monetary liabilities as at 31 December 2023 are as follows:

	December 2023 N'000	December 2022 N'000
Assets		
Cash and bank balance	26,041,268	300,975
	26,041,268	300,975
Liabilities		
Financial liabilities at amortized cost:		
Trade and other payables	-	6,883,210
	-	6,883,210

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

Effect in thousands of Naira 31 December 2023	Foreign Currency			Increase/ Decrease in Exchange Rate N'000
	Naira Balance	Exchange Rate		
	US\$'000	N'000		
USD	32,043	26,041,268	812.70	520,825

Effect in thousands of Naira 31 December 2022	Foreign Currency			Increase/ Decrease in Exchange Rate N'000
	Naira Balance	Exchange Rate		
	US\$'000	N'000		
USD	726	300,975	414.72	6,019

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

30.4 Credit risk management

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

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

30. Financial risk management (Continued)

30.5 Liquidity risk management

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

Financing facilities

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

	December 2023 N'000	December 2022 N'000
Amount used	32,004,652	5,705,419
Amount unused	7,995,348	14,294,581
	40,000,000	20,000,000

Liquidity and interest risk tables

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

31 December 2023	Weighted Average Effective Interest rate	0 - 3 Months N'000	3 month -1 year N'000	Total N'000
Trade and other payables	-	37,598,315	-	37,598,315
Borrowings	19.00	32,004,652	-	32,004,652
		69,602,967	-	69,602,967

31 December 2022	Weighted Average Effective Interest rate	0 - 3 Months N'000	3 month -1 year N'000	Total N'000
Trade and other payables	-	31,467,097	-	30,476,259
Borrowings	15.20	5,705,419	-	5,705,419
		37,172,516	-	36,181,678

31. Gearing ratio and capital risk management

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

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

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

	December 2023 N'000	December 2022 N'000
Debt	32,004,652	5,705,419
Equity	32,903,129	25,012,214
Net debt to equity ratio	0.97	0.23

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

32. Related party transactions

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

31 December 2023

	Sales of Goods N'000	Purchase of Goods N'000	Balance due (to)/from N'000	Deposits/ (Payable) N'000	Overdraft and Term loan N'000
Sterling Bank Plc	-	-	2,974,104	-	-
Glo Mobile Limited	-	-	(15,227)	-	-
Conoil Producing Limited	6,651	-	44,922	-	-
Southern Air Limited	29,136	-	166,541	-	-
Proline (WA) Limited	-	-	(28,167)	-	-
SETA Investment Limited	-	-	476	-	-
	35,787	-	3,142,649	-	-

31 December 2022

	Sales of Goods N'000	Purchase of Goods N'000	Balance due (to)/from N'000	Deposits N'000	Overdraft and Term loan N'000
Sterling Bank Plc	-	-	2,992,286	-	-
Glo Mobile Limited	370	(55,814)	(54,167)	-	-
Conoil Producing Limited	44,922	-	44,922	-	-
Southern Air Limited	142,450	-	166,541	-	-
Proline (WA) Limited	-	-	(28,169)	-	-
SETA Investment Limited	-	-	476	-	-
	187,742	(55,814)	3,121,889	-	-

32. Related party transactions (Continued)

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

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

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

33. Capital commitment

There were no capital commitments as at 31 December 2023 (2022: nil).

34. Financial commitment

As at 31 December 2023, the Company had outstanding letters of credit to the tune of N204.3m with First Bank Plc and N10.4billion with Guaranty Trust Bank Plc (Dec 2022: N6.5billion).

35. Contingent liabilities

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

36. Post balance sheet events

There were no material events after the reporting period which could have had material effect on the state of affairs of the Company as at 31 December 2023 and the profit for the year then ended date that have not been adequately provided for or recognised in the financial statements.

37. Impact of Covid-19 Pandemic

The company has considered the impact of COVID-19 on its business operations and has put in place appropriate safeguards to minimize the effects. In doing so, management has considered its impact on the basis of the following accounting standards:

1. Expected credit losses under IFRS 9 'Financial instruments'
COVID-19 can affect the ability of the Company to receive payments as and when due which is an indication of a significant increase in credit risk. For this, the Company reviewed its impairment assessment of trade receivables balances.
2. Impairment of tangible and intangible assets under IAS 36 'Impairment of non-financial assets'
As a result of the impact of COVID-19, the Company performed an impairment assessment of assets (in addition to the requirement to perform an impairment test at least annually of goodwill and intangible assets with an indefinite useful life).
3. The net realisable value of Inventory under IAS 2 - Inventories
Since the company's tank farm was shut down as a result of the pandemic, the company has reviewed the cost of inventories to ensure that product loss arising from evaporation due to changes in temperature is recognized in the profit or loss account in the period in which they occurred in accordance with IAS 2 - Inventories.
4. Deferred tax assets in accordance with IAS 12 - Income taxes
Tax considerations, e.g . The impact of reduced flow of goods and services on transfer pricing agreements; recoverability of deferred tax assets, emergency economic stimulus by tax authorities in the form of special rebate has been accessed by the company.

The Board of Directors is taking all necessary steps to ensure business continuity for the Company and to protect its turnover, results and cash-flow as much as possible against the impacts from the COVID-19 pandemic and its impact on the Nigerian economy.

37. Information on Directors and employees	December	December
37.1 Employment costs:	2023	2022
	N'000	N'000
Employment cost including Directors' salaries and wages, staff training and benefit scheme	1,707,349	1,940,599
37.2 Number of employees of the Company in receipt of emoluments within the bands listed below are:	2023	2022
	Number	Number
Up to 1,000,000	9	9
N1,000,001 - N2,000,000	36	42
N2,000,001 - N3,000,000	18	18
N3,000,001 - N4,000,000	20	20
N4,000,001 - N5,000,000	12	18
N5,000,001 - Above	54	61
	149	168
37.3 Average number of employees during the year:		
Managerial staff	14	15
Senior staff	120	142
Junior staff	15	11
	149	168
37.4 Directors' emoluments:	2023	2022
	N'000	N'000
Emoluments of the chairman	-	-
Directors' fees	1,500	1,500
Emoluments of executives	29,310	35,962
	30,810	37,462
37.5 The emoluments of the highest paid Director were N29.9 million (2022: N28.3 million)	2023	2022
	Number	Number
37.6 Directors receiving no emolument	7	7
37.7 Number of Directors in receipt of emoluments within the following ranges:		
Below N15,000,000	3	3
N15,000,001 - N20,000,000	-	-
N20,000,001 - N25,000,000	-	-
Above N25,000,000	1	1
	4	4

**STATEMENT OF VALUE ADDED
FOR THE PERIOD ENDED 31 DECEMBER 2023**

	December 2023 N'000	%	December 2022 N'000	%
Revenue	201,387,053		131,422,272	
Other operating income	94,368		141,561	
Other gains and losses	-		8,336	
	<u>201,481,421</u>		<u>131,572,169</u>	
Bought in materials and services:				
Imported	-		(6,883,210)	
Local	(185,045,865)		(114,702,399)	
Value added	<u>16,435,556</u>	100	<u>9,986,559</u>	100
Applied as follows:				
<i>To pay employees' salaries, wages, and social benefits:</i>				
Employment cost including Directors salaries and wages, staff training and benefit scheme	1,707,349	10	1,940,599	19
<i>To pay providers of capital:</i>				
Interest payable and similar charges	1,945,963	12	1,471,483	15
<i>To pay government:</i>				
Taxation	2,406,449	15	1,177,036	12
<i>To provide for maintenance and development</i>				
Depreciation	750,000	5	504,832	5
Deferred tax	-	-	(65,115)	(1)
Retained earnings	9,625,795	59	4,957,726	50
Value added	<u>16,435,556</u>	100	<u>9,986,559</u>	100

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