# TOTAL NIGERIA PLC

## UNAUDITED FINANCIAL STATEMENT

**30 September, 2019**

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# TOTAL NIGERIA PLC

**RESULTS AT A GLANCE**

| FOR THE PERIOD ENDED | 30 September 2019 | 30 September 2018 | Change |
|---|---|---|---|
| | ₦'000 | ₦'000 | % |
| Revenue | 221,835,411 | 226,914,921 | (2) |
| (Loss)/ Profit before taxation | (116,950) | 11,439,673 | (101) |
| (Loss)/ Profit for the period | (204,844) | 7,665,693 | (103) |
| Share capital | 169,761 | 169,761 | - |
| Shareholders' funds | 25,805,623 | 30,179,843 | (14) |

| | 30 September 2019 | 30 September 2018 | Change |
|---|---|---|---|
| **PER SHARE DATA:** | | | % |
| *Based on 339,521,837 ordinary shares of 50 kobo each:* | | | |
| *Earnings per 50 kobo share (Naira) - basic* | *(0.60)* | *22.58* | *(103)* |
| *Stock exchange quotation (Naira)* | *129.50* | *183.00* | *(29)* |
| Number of staff | 465 | 466 | (0) |

## TOTAL NIGERIA PLC

**STATEMENT OF FINANCIAL POSITION**
**AS AT**

| | Notes | 30 September 2019 ₦'000 | 31 December 2018 ₦'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 16 | 33,347,360 | 33,855,656 |
| Intangible assets | 15 | 12,566 | 25,943 |
| Prepayments | 19 | 6,782,584 | 7,201,941 |
| Trade and other receivables | 18.1 | 1,453,261 | 1,524,840 |
| **Total non-current assets** | | **41,595,771** | **42,608,380** |
| **Current Assets** | | | |
| Inventories | 17 | 34,395,699 | 30,045,177 |
| Trade and other receivables | 18 | 63,843,103 | 52,007,770 |
| Prepayments | 19 | 1,761,814 | 1,765,438 |
| Cash and cash equivalents | 23 | 3,677,009 | 6,094,018 |
| **Total current assets** | | **103,677,625** | **89,912,403** |
| **Total assets** | | **145,273,396** | **132,520,783** |
| **Equity** | | | |
| Share capital | 22 | 169,761 | 169,761 |
| Retained earnings | | 25,635,862 | 30,561,127 |
| **Total equity** | | **25,805,623** | **30,730,888** |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | 11.3 | 4,983,381 | 5,370,433 |
| Employee benefits | 12 | 438,331 | 435,408 |
| **Total non-current liabilities** | | **5,421,712** | **5,805,841** |
| **Current liabilities** | | | |
| Trade and other payables | 21 | 61,211,982 | 61,583,881 |
| Deferred income | 21.2 | 46,378 | 38,535 |
| Current tax liabilities | 11.2 | (1,080,819) | 141,094 |
| Borrowings | 20 | 53,868,520 | 34,220,544 |
| **Total current liabilities** | | **114,046,061** | **95,984,054** |
| **Total liabilities** | | **119,467,773** | **101,789,895** |
| **Total equity and liabilities** | | **145,273,396** | **132,520,783** |

These financial statements were approved by the Board of Directors of the Company on 22 October 2019 and signed on behalf of the Board by:

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

Jeff Nnamani - Director
*FRC/2017/IODN/00000015993*

Additionally certified by:

Samson Eghwerehe - Head of Finance
*FRC/2017/ICAN/00000018952*

The notes on pages 6 to 42 form an integral part of these financial statements.

## TOTAL NIGERIA PLC

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

| | | For the three months ended | | For the nine months ended | |
|---|---|---|---|---|---|
| | | **30 September 2019** | **30 September 2018** | **30 September 2019** | **30 September 2018** |
| | **Notes** | **₦'000** | **₦'000** | **₦'000** | **₦'000** |
| Revenue | 6 | 71,005,080 | 70,646,402 | 221,835,411 | 226,914,921 |
| Cost of sales | 10 | (62,639,764) | (60,914,331) | (196,739,713) | (195,941,330) |
| **Gross profit** | | **8,365,316** | **9,732,071** | **25,095,698** | **30,973,591** |
| Other income | 9.1 | 297,718 | 1,152,745 | 1,369,570 | 1,953,694 |
| Other expenses | 9.2 | - | (902,420) | - | (902,420) |
| Selling & distribution costs | 10 | (620,228) | (895,931) | (2,817,020) | (3,317,610) |
| Administrative expenses | 10 | (6,187,756) | (4,922,150) | (17,502,904) | (14,261,090) |
| Impairment loss on trade receivables and contract assets | | (52,951) | (117,196) | (404,137) | (216,830) |
| **Operating profit** | | **1,855,050** | **4,047,119** | **5,741,207** | **14,229,335** |
| Finance income | 8 | 79,111 | 77,868 | 287,494 | 232,627 |
| Finance costs | 8 | (2,200,251) | (1,331,184) | (6,145,651) | (3,022,289) |
| **Net finance costs** | | **(2,121,140)** | **(1,253,316)** | **(5,858,157)** | **(2,789,662)** |
| **(Loss)/ Profit before taxation** | | **(266,090)** | **2,793,803** | **(116,950)** | **11,439,673** |
| Taxation | 11.1.1 | (15,777) | (802,147) | (87,894) | (3,773,980) |
| **(Loss)/ Profit for the period** | | **(281,867)** | **1,991,656** | **(204,844)** | **7,665,693** |
| Other comprehensive income | | - | - | - | - |
| **Total comprehensive (loss)/ income for the period** | | **(281,867)** | **1,991,656** | **(204,844)** | **7,665,693** |
| **(Loss)/ earnings per share** | | | | | |
| Basic and diluted (loss)/ earnings per share | 14 | -0.83 | 5.87 | (0.60) | 22.58 |

The notes on pages 6 to 42 form an integral part of these financial statements.

# TOTAL NIGERIA PLC

## STATEMENT OF CHANGES IN EQUITY

*For the period ended 30 September 2019*

| | Notes | Share capital ₦'000 | Retained earnings ₦'000 | Total equity ₦'000 |
|---|---|---|---|---|
| **Balance at 1 January 2019** | | 169,761 | 30,561,127 | 30,730,888 |
| **Total comprehensive (loss)/ income for the period** | | - | (204,844) | (204,844) |
| ***Transactions with owners of the Company:*** | | | | |
| **Contributions and Distributions** | | | | |
| Forfeited dividend | 13.1 | - | 32,885 | 32,885 |
| Prior year final dividend | 13.1 | - | (4,753,306) | (4,753,306) |
| Total transactions with owners of the Company | | - | (4,720,421) | (4,720,421) |
| **Balance at 30 September 2019** | | **169,761** | **25,635,862** | **25,805,623** |

*For the period ended 30 September 2018*

| | Notes | Share capital ₦'000 | Retained earnings ₦'000 | Total equity ₦'000 |
|---|---|---|---|---|
| **Balance as at 1 January 2018** | | 169,761 | 28,055,790 | 28,225,551 |
| **Total comprehensive income for the year** | | - | 7,665,693 | 7,665,693 |
| ***Transactions with owners of the Company:*** | | | | |
| **Contributions and Distributions** | | | | |
| Unclaimed dividend written back | 13.1 | - | 60,470 | 60,470 |
| Prior year final dividend | 13.1 | - | (4,753,306) | (4,753,306) |
| Current year interim dividend | 13.1 | - | (1,018,566) | (1,018,566) |
| Total transactions with owners of the Company | | - | (5,711,402) | (5,711,402) |
| **Balance at 30 September 2018** | | **169,761** | **30,010,082** | **30,179,843** |

The notes on pages 6 to 42 form an integral part of these financial statements.

## TOTAL NIGERIA PLC

**STATEMENT OF CASH FLOWS**
**FOR THE PERIOD ENDED**

| | Note | 30 September 2019 ₦'000 | 30 September 2018 ₦'000 |
|---|---|---|---|
| (Loss)/ Profit for the period | | (204,844) | 7,665,693 |
| **Adjustments for:** | | | |
| Depreciation | 16 | 3,531,252 | 3,158,001 |
| Amortisation | 15 | 15,683 | 24,415 |
| Write down and write back of inventory (Net) | 17.1 | 75,643 | (67,721) |
| Gain on sale of PPE | 9.1 | (37,348) | (997,743) |
| Net foreign exchange (gain)/loss | 9.1 | (190,415) | 902,420 |
| Net finance costs | 8 | 5,858,157 | 2,789,662 |
| Taxation | 11.1.1 | 87,894 | 3,773,980 |
| | | 9,160,148 | 17,248,707 |
| **Changes in:** | | | |
| - Inventories | | (4,426,165) | 465,084 |
| - Trade and other receivables | | (11,770,921) | (21,501,803) |
| - Prepayments | | 471,045 | 390,977 |
| - Trade and other payables | | 701,320 | (644,873) |
| - Deferred income | | 7,843 | 17,314 |
| **Cash used in operating activities** | | **(5,856,730)** | **(4,024,594)** |
| Payment for long service award | 12 | (21,203) | (46,563) |
| Interest on loans and receivables | 8 | 195,262 | 171,843 |
| Tax paid | 11.2 | (1,035,490) | (676,153) |
| Withholding tax | 11.2 | (661,368) | (617,647) |
| **Net cash used in operating activities** | | **(7,379,529)** | **(5,193,114)** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 16 | (3,094,354) | (11,420,353) |
| Purchase of intangible assets | 15 | - | (6,861) |
| Interest on deposits | 8 | 92,232 | 60,784 |
| Proceeds from disposal of property, plant and equipment | | 58,331 | 1,048,661 |
| **Net cash used in investing activities** | | **(2,943,791)** | **(10,317,769)** |
| **Cash flows from financing activities** | | | |
| Interest paid | 8 | (6,145,651) | (3,022,289) |
| Trade finance loan | 20 | (4,176,844) | 2,503,624 |
| Dividends paid | 13.1 | (6,746,413) | (5,242,989) |
| **Net cash used in financing activities** | | **(17,068,908)** | **(5,761,654)** |
| **Net decrease in cash and cash equivalents** | | **(27,392,228)** | **(21,272,537)** |
| Cash and cash equivalents at 1 January | | (16,054,454) | 2,587,742 |
| Effect of movement in exchange rates on cash held | | 1,150,399 | (6,510,515) |
| **Cash and cash equivalents as at year ended** | 23 | **(42,296,283)** | **(25,195,310)** |

The notes on pages 6 to 42 form an integral part of these financial statements.

### 1 The Company

**Legal form:**

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

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

| | 30 September 2019 | | 31 December 2018 | |
|---|---|---|---|---|
| | **Number** | **Holdings** | **Number** | **Holdings** |
| | **'000** | **%** | **'000** | **%** |
| Total Raffinage Marketing | 209,560 | 61.72 | 209,560 | 61.72 |
| Other shareholders | 129,962 | 38.28 | 129,962 | 38.28 |
| | **339,522** | **100.00** | **339,522** | **100.00** |

No shareholder, except as disclosed above, held more than 10% of the issued share capital of the Company as at 30 September 2019 (2018: Nil).

**Principal activities**

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

**Description of business**

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

No. 4, Churchgate Street
Victoria Island
Lagos State

### 2.0 Basis of preparation

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in conformity with the Financial Reporting Council (FRC) of Nigeria Act, 2011 and the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 ("CAMA"). They were approved by the Board of Directors on 22 October 2019.

### 2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following;

- provision for long service award which has been measured at the present value of the obligation (Note 12)
- inventories which has been measured at lower of cost and net realisable value (NRV)
- trade and other payables which has been measured at amortised cost
- trade and other receivables which has been measured at amortised cost.

### 2.3 Functional and presentation currency

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2.4 Financial period

These financial statements cover the financial period from 01 January 2019 to 30 September 2019, with corresponding figures for the financial period from 01 January, 2018 to 30 September, 2018, and where appropriate from 01 January 2018 to 31 December 2018.

### 2.5 Going concern

These financial statements have been prepared on a going concern basis.

### 2.6 Significant events and transactions.

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

### 2.7 Use of estimates and judgments

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

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

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

*(i)* Cash held with Total Treasury - Note 23

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

*(ii)* Recognition of foreign exchange balances
Balances in foreign currencies included in Note 26(ii) of these financial statements have been translated using the applicable rates from the most advantageous market for the different categories of monetary assets and liabilities of the company.

*(b)* *Assumptions and estimation uncertainties*
Information about assumptions and estimation uncertainties at 30 September 2019 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year includes;

*(i)* Employee benefits
The amount recognised in Note 12 of the financial statements as employee benefits - measurement of the Company's Long Service Award (LSA) scheme. This estimate relates to the discount rate, mortality and inflation rate applied in the computation of the Company's liabilities.

*(ii)* Measurement of Expected Credit Loss (ECL) - Note 26 (iv)
Allowance for trade and other receivables - key assumptions in determining the weighted average loss rate.

*(iii)* Measurement of contingencies - Note 24
Recognition of contingencies - key assumptions about likelihood and magnitude of an outflow of resources.

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

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

**Effective for the financial year commencing 1 January 2020**

- Amendments to IAS 1 and IAS 8

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

| **Standard/Interpretation not yet effective as at 31 December 2017** | | **Date issued by IASB** | **Effective date Periods beginning on or after** | **Summary of the requirements and assessment of impact** |
|---|---|---|---|---|
| Amendments to IAS 1 and IAS 8 | *Definition of Material* | October 2018 | 1 January 2020<br>Early adoption is permitted | The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework. The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."<br>The Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.<br><br>The amendments are effective from 1 January 2020 but may be applied earlier. However, the Board does not expect significant change – the refinements are not intended to alter the concept of materiality. |

## 4 Significant accounting policies

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

### 4.1 Foreign currency transactions

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

### 4.2 Revenue and other income

**(i) Revenue recognition**

The Company has initially applied IFRS 15 from 1 January 2018 and has continued in the application of IFRS 15 in preparing these financial statements for the period ended 30 September 2019. Information about the Company's accounting policies relating to contracts with customers is provided.

*Revenue streams*

The Company generates revenue primarily from the sale of refined petroleum products and lubricants to its customers (see Note 5). Other sources of revenue include sale of special fluids and solar products.

*Performance obligations and revenue recognition policies*

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer. The following table provides information about the timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

**(ii) Other income**

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

**4.3 Finance income and finance costs**

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

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

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

**4.4 Income taxes**

Income taxes disclosed in the statement of profit or loss and other comprehensive income include current tax expenses/credits and deferred tax expenses/credits.

The company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

*Current taxes*

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates statutorily or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous periods.

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

The Company is subject to the Companies Income Tax Act (CITA), Tertiary Education Trust Fund (Establishment Act 2011) and Capital Gains Tax Act. Tertiary education tax is assessed at 2% of assessable profit, Capital gains tax at 10% of chargeable capital gains while Company income tax is assessed at 30% of adjusted profit.

*Deferred tax*

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

Deferred tax is not recognised for:

—Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

— Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

— Taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

**4.5 Earnings per share (EPS)**

i *Basic earnings per share*

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

ii *Diluted earnings per share*

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

**4.6 Property plant and equipment**

**i Recognition, derecognition and measurement**

Property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.
The cost of an item of property, plant and equipment shall be recognised as an asset if;
- it is possible that future economic benefits associates with the item will flow to the entity: and
- the cost of the item can be measured reliably.

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

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

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

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

**ii Subsequent costs**

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

**iii Depreciation**

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.
Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.
Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

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

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

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

**4.7 Intangible assets**

**i Recognition and measurement**

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

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

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

**ii Subsequent expenditure**

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

**iii Amortisation of intangible assets**

Amortisation is calculated on the cost of the asset, or other amount substituted for cost, less its estimated residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

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

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

**4.8 Assets held for sale**

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the company's other accounting policies. Impairment losses on initial classification as held-for-sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held-for-sale and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

Non-current assets that cease to be classified as held for sale are measured the lower of the carrying amount before the asset was classifed as held for sale, adjusted for any depreciation that would have been recognised had the assets not been classified as held for sale and its recoverable amount at the date of the subsequent decision not to sell.

**4.9 Dividends**

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

The corresponding entry of any accrual made is in reserves and not in profit or loss.

**4.10 Impairment**

**i Non-derivative financial assets**

**Policy applicable from 1 January 2018**

*Financial instruments*

The Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured

The Company measures loss allowances at an amount equal to lifetime ECLs, except for 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, which are measured at 12-month 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 90 days past due.

The company considers a financial asset to be in default when:
– the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
– the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).
The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

**Measurement of ECLs**

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

*Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:
– significant financial difficulty of the borrower or issuer;
– a breach of contract such as a default or being more than 180 days past due; or
– it is probable that the borrower will enter bankruptcy or other financial reorganisation.

*Presentation of allowance for ECL in the statement of financial position*
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

## NOTES TO THE FINANCIAL STATEMENTS

**4.10 Impairment (Cont'd)**

*Write-off*

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

**Financial assets measured at amortised cost**

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

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

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

**ii Non financial assets**

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

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

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

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

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

**4.11 Financial instruments**

**i Recognition and initial measurement**

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

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

**ii Classification and subsequent measurement**

**Financial assets - Policy applicable from 1 January 2018**

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

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

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

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

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

**Financial assets - Business model assessment: Policy applicable from 1 January 2018**

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

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

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

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

**Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018**

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

**4.11 Financial instruments (cont'd)**

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

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

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

**Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 January 2018**

*Financial assets at amortised cost*

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

**Financial assets – Policy applicable before 1 January 2018**

The Company classified its financial assets into one of the following categories into loans and receivables.

**Financial assets – Subsequent measurement and gains and losses: Policy applicable before 1 January 2018**

*Loans and receivables*

Measured at amortised cost using the effective interest method.

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

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

**iii Derecognition**

*Financial assets*

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

*Financial liabilities*

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

**iv Offsetting**

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

**4.12 Share capital**

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

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

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

**4.13 Statement of cash flows**

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

**4.14 Cash and cash equivalents**

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

**4.15 Inventories**

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 4.16 Provisions

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

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

### 4.17 Employee benefits

#### i Defined contribution plan

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

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

*Gratuity scheme*

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

#### ii Other long-term employee benefits

The Company’s other long-term employee benefits represents a Long Service Award scheme instituted for all permanent employees. The Company’s obligations in respect of this scheme is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on Federal Government of Nigeria issued bonds that have maturity dates approximating the term of the Company’s obligation. The calculation is performed using the Projected Unit Credit method. Remeasurements are recognised in profit or loss in the period in which they arise. This Scheme is not funded. The obligations are paid out of the Company’s cash flows as and when due.

#### iii Termination benefits

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

#### iv Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.
A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### 4.18 Government grant

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

**4.19 Leases**

**Determining whether an arrangement contains a lease**

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Company seperates payment and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

If the Company concludes for a finance lease that is impracticable to separate the payment reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

**Leased assets**

Assets held by the Company under leases that transfer to the Company substantially all of the risk and reward of ownership are classified as finance lease. The leased assets are measured initially at an amount equal to the lower of the fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.
Any other type of lease is an operating lease, and is not recognised in the statement of financial position.

**Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance income and the reduction of the gross receivable. The finance income is allocated to each period during the lease term so as to produce a constant periodic rate of return on the Company's net investment in the lease.

**4.20 Operating Profit**

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

**4.21 Measurement of fair values**

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

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

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

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

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

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

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

**4.22 Changes in significant accounting policies.**

The Company has initially applied IFRS 15 and IFRS 9 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 however, they do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards, except for certain requirements for separately presenting impairment loss on trade and other receivables.

The effect of initially applying these standards is mainly attributed to a change in impairment losses recognised on financial assets.

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue* , IAS 11 *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018).

Based on management's assessment, IFRS 15 did not have a material impact on the Company's accounting policies and retained earnings. Based on the Company's business model, revenue is recognised at a point in time (at the point of sale).

## 5 Seasonality and Segment Reporting

**Seasonality of Operations**

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

**Segment Reporting**

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

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

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

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

The following summary describes the operations of each reportable segment.

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

Segment revenue reported below represents revenue generated from external customers. There were no inter-segment sales in the current period (2018: Nil). Performance is measured based on segment which correspond with IFRS amounts in the Financial Statement.

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

**30 September 2019**

| | | NETWORK | | GENERAL TRADE | | AVIATION | | TOTAL |
|---|---|---|---|---|---|---|---|---|
| | | ₦'000 | | ₦'000 | | ₦'000 | | ₦'000 |
| Revenue | 69% | 155,284,787 | 22% | 46,585,436 | 9% | 19,965,187 | 100% | 221,835,411 |
| - Petroleum products | 71% | 128,347,644 | 18% | 33,376,956 | 11% | 19,965,187 | 100% | 181,689,787 |
| - Lubricant and others | 67% | 26,937,143 | 33% | 13,208,480 | 0% | - | 100% | 40,145,623 |
| Gross profit | 75% | 18,821,774 | 22% | 5,434,872 | 3% | 839,052 | 100% | 25,095,698 |
| Finance income | 85% | 244,370 | 11% | 31,624 | 4% | 11,500 | 100% | 287,494 |
| Finance cost | 85% | (5,223,803) | 11% | (676,022) | 4% | (245,826) | 100% | (6,145,651) |
| Taxation | -403% | (72,073) | 485% | 30,763 | 18% | (47,463) | 100% | (87,894) |
| Writeback of Impairment allowance | 80% | (208,850) | 16% | (33,110) | 4% | (12,735) | 100% | (254,696) |
| Depreciation and amortisation | 98% | (3,475,996) | 2% | (70,756) | 0% | (183) | 100% | (3,546,935) |

**30 September 2018**

| | | NETWORK | | GENERAL TRADE | | AVIATION | | TOTAL |
|---|---|---|---|---|---|---|---|---|
| | | ₦'000 | | ₦'000 | | ₦'000 | | ₦'000 |
| Revenue | 67% | 151,447,668 | 24% | 54,933,439 | 9% | 20,533,816 | 100% | 226,914,921 |
| - Petroleum products | 67% | 127,628,782 | 22% | 41,805,493 | 11% | 20,533,816 | 100% | 189,968,091 |
| - Lubricant and others | 64% | 23,818,886 | 36% | 13,127,946 | 0% | - | 100% | 36,946,832 |
| Gross profit | 71% | 22,050,607 | 23% | 7,191,529 | 6% | 1,731,454 | 100% | 30,973,591 |
| Finance income | 83% | 192,957 | 12% | 29,062 | 5% | 10,608 | 100% | 232,627 |
| Finance cost | 83% | (2,511,784) | 12% | (372,896) | 5% | (137,609) | 100% | (3,022,289) |
| Taxation | 59% | (2,222,194) | 35% | (1,309,917) | 6% | (241,869) | 100% | (3,773,980) |
| Increase/ (writeback) of Impairment allowance | -11% | 9,444 | -98% | 88,370 | 209% | (187,620) | 100% | (89,806) |
| Depreciation and amortisation | 97% | (3,098,284) | 3% | (83,845) | 0% | (288) | 100% | (3,182,416) |

**5.2 Segment assets and liabilities**

**30 September 2019**

| | | NETWORK ₦'000 | | GENERAL TRADE ₦'000 | | AVIATION ₦'000 | | TOTAL ₦'000 |
|---|---|---|---|---|---|---|---|---|
| Non-current assets | 79% | 32,801,574 | 15% | 6,329,475 | 6% | 2,464,721 | 100% | 41,595,771 |
| Inventories | 62% | 21,325,333 | 29% | 9,974,753 | 9% | 3,095,613 | 100% | 34,395,699 |
| Receivables and prepayments | 52% | 34,114,557 | 41% | 26,898,016 | 7% | 4,592,344 | 100% | 65,604,917 |
| Cash and cash equivalents[1] | 69% | 2,537,136 | 22% | 798,046 | 9% | 341,827 | 100% | 3,677,009 |
| **ASSETS** | | **90,778,600** | | **44,000,290** | | **10,494,505** | | **145,273,396** |
| Addition to non-current assets | 79% | (798,523) | 15% | (154,085) | 6% | (60,001) | 100% | (1,012,609) |
| Payables, deferred income and current tax liabilities | 73% | 43,916,081 | 22% | 13,030,286 | 5% | 3,231,174 | 100% | 60,177,541 |
| Borrowings[1] | 69% | 37,169,280 | 22% | 11,691,450 | 9% | 5,007,791 | 100% | 53,868,520 |
| Non-current liabilities | 95% | 5,135,468 | 3% | 186,417 | 2% | 99,826 | 100% | 5,421,712 |
| **LIABILITIES** | | **86,220,829** | | **24,908,153** | | **8,338,791** | | **119,467,773** |

**31 December 2018**

| | | NETWORK ₦'000 | | GENERAL TRADE ₦'000 | | AVIATION ₦'000 | | TOTAL ₦'000 |
|---|---|---|---|---|---|---|---|---|
| Non-current assets | 79% | 33,600,098 | 15% | 6,483,559 | 6% | 2,524,723 | 100% | 42,608,380 |
| Assets held-for-sale | 79% | - | 15% | - | 6% | - | 100% | - |
| Inventories | 62% | 18,628,010 | 29% | 8,713,101 | 9% | 2,704,066 | 100% | 30,045,177 |
| Receivables and prepayments | 52% | 27,962,068 | 41% | 22,047,015 | 7% | 3,764,125 | 100% | 53,773,208 |
| Cash and cash equivalents[1] | 66% | 4,024,193 | 25% | 1,521,068 | 9% | 548,757 | 100% | 6,094,018 |
| **ASSETS** | | **84,214,369** | | **38,764,743** | | **9,541,670** | | **132,520,783** |
| Addition to non-current assets | 79% | 5,418,630 | 15% | 1,045,593 | 6% | 407,158 | 100% | 6,871,382 |
| Payables, deferred income and current tax liabilities | 73% | 45,073,482 | 22% | 13,373,697 | 5% | 3,316,331 | 100% | 61,763,510 |
| Borrowings[1] | 66% | 22,597,582 | 25% | 8,541,454 | 9% | 3,081,509 | 100% | 34,220,544 |
| Non-current liabilities | 95% | 5,499,317 | 3% | 199,625 | 2% | 106,898 | 100% | 5,805,841 |
| **LIABILITIES** | | **73,170,381** | | **22,114,776** | | **6,504,738** | | **101,789,895** |

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

**5.3 Geographic information**

The Company is domiciled in Nigeria. During the period, no products were sold to any of its affiliates in Congo, Cameroon, Niger and Gabon.
The geographic information analyses the Company's revenue and cost of sales by the Company's country of domicile and other countries.

**30 September 2019**

| | NIGERIA ₦'000 | CONGO ₦'000 | CAMEROON ₦'000 | NIGER ₦'000 | GABON ₦'000 | TOTAL ₦'000 |
|---|---|---|---|---|---|---|
| Revenue | 221,835,411 | - | - | - | - | 221,835,411 |
| Cost of Sales | (196,739,713) | - | - | - | - | (196,739,713) |
| **Gross Profit** | **25,095,698** | **-** | **-** | **-** | **-** | **25,095,698** |

**30 September 2018**

| | NIGERIA ₦'000 | CONGO ₦'000 | CAMEROON ₦'000 | NIGER ₦'000 | GABON ₦'000 | TOTAL ₦'000 |
|---|---|---|---|---|---|---|
| Revenue | 226,211,504 | 293,523 | 409,894 | - | - | 226,914,921 |
| Cost of Sales | (195,413,727) | (229,009) | (298,593) | - | - | (195,941,330) |
| **Gross Profit** | **30,797,777** | **64,514** | **111,300** | **-** | **-** | **30,973,591** |

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

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE PERIOD ENDED**

**6 Revenue**

The effect of initially applying IFRS 15 on the Company's revenue from contracts with customers is described in Note 4.2 and 4.22. Due to the transition method chosen in applying IFRS 15, comparative information has not been restated to reflect the new requirements.

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

| | 30 September 2019 ₦'000 | 30 September 2018 ₦'000 |
|---|---|---|
| Petroleum products | 181,689,787 | 188,376,277 |
| Lubricants and others | 40,145,623 | 38,538,644 |
| | 221,835,410 | 226,914,921 |

**7 Auditor's remuneration**

The analysis of auditors' remuneration is as follows:

| | 30 September 2019 ₦'000 | 30 September 2018 ₦'000 |
|---|---|---|
| Statutory audit fees | 31,087 | 29,368 |
| Total audit fees | 31,087 | 29,368 |
| Total fees | 31,087 | 29,368 |

**7.1 Fees paid to professional consultants**

| | 30 September 2019 ₦'000 | 30 September 2018 ₦'000 |
|---|---|---|
| Tax services | 106,227 | 119,482 |
| Information technology services | 381,141 | 355,576 |
| Litigation services | 38,205 | 91,827 |
| Recruitment and remuneration services | 1,884 | 3,504 |
| Air Total International subrogation fees | 40,360 | 117,678 |
| Product supply fees and certifications | 110,951 | 101,060 |
| Other services | 72,815 | 35,076 |
| | 751,583 | 824,203 |

**8 Net finance income/ (costs)**

*measured at amortised costs*

| | 30 September 2019 | 30 September 2018 |
|---|---|---|
| **Finance income:** | ₦'000 | ₦'000 |
| Interest on unclaimed dividend | 77,875 | 56,738 |
| Interest on loans and receivables | 117,386 | 115,105 |
| Interest on deposits | 92,232 | 60,784 |
| Total finance income | 287,494 | 232,627 |
| **Finance costs:** | | |
| Interest on bank overdrafts and loans | (6,145,651) | (3,022,289) |
| Total finance costs | (6,145,651) | (3,022,289) |
| Net finance costs | (5,858,157) | (2,789,662) |

| | | 30 September 2019 | 30 September 2018 |
|---|---|---|---|
| 9 | **Other income and other expenses** | | |
| 9.1 | **Other income** | **₦'000** | **₦'000** |
| | Network income[1] | 1,141,807 | 953,973 |
| | Other sundry income[2] | - | 1,978 |
| | Gain on disposal of property, plant and equipment | 37,348 | 997,743 |
| | Net foreign exchange gain | 190,415 | - |
| | | 1,369,570 | 1,953,694 |
| 9.2 | **Other expenses** | | |
| | Net foreign exchange loss | - | 902,420 |
| | | - | 902,420 |

[1]Network income represents income from Bonjour shop, rent, vendor management fees and other miscellaneous income.

[2]Other sundry income relates to royalties received from dealers for services rendered at the stations different from the Company's core line of business.

10 **Expenses by nature**

| | 30 September 2019 | 30 September 2018 |
|---|---|---|
| | **₦'000** | **₦'000** |
| Changes in inventory of lubes, greases and refined products | 193,852,162 | 192,903,826 |
| Custom duties | 1,558,476 | 1,527,271 |
| Transport of supplies | 1,329,075 | 1,510,233 |
| Distribution costs | 2,817,020 | 3,317,610 |
| Staff costs (Note 31(iii)) | 6,750,687 | 6,732,487 |
| Depreciation (Note 16) | 3,531,252 | 3,158,001 |
| Amortisation of software (Note 15) | 15,683 | 24,415 |
| Rent | 1,102,025 | 640,683 |
| Technical assistance and management fees | 2,064,921 | - |
| Maintenance expenses | 1,026,841 | 836,094 |
| Motor fuels and travelling expenses | 828,867 | 884,749 |
| Communication, computer and stationery expenses | 225,896 | 239,285 |
| Bank charges | 60,225 | 61,492 |
| Business promotion and publicity | 345,506 | 329,247 |
| Other expenses | 34,912 | 65,306 |
| Security & guarding | 213,116 | 204,371 |
| Write back of impairment allowance | (254,696) | (316,203) |
| Bad debts written off | 28,555 | 9,567 |
| Fees paid to professional consultants (Note 7.1) | 751,583 | 824,203 |
| Purchase of consumables | 72,128 | 78,594 |
| Insurance | 168,296 | 128,760 |
| Service charge | 103,829 | 61,453 |
| Levies | 153,785 | 121,077 |
| Entertainment expenses | 54,112 | 46,266 |
| Engineering studies | 194,294 | 101,875 |
| Auditor's Remuneration (Note 7) | 31,087 | 29,368 |
| Total cost of sales, selling & distribution costs and administrative expenses | 217,059,637 | 213,520,030 |

**11 Company Income Tax**

**Income tax expense**

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

**11.1.1 Amounts recognised in profit or loss**

| | 30 September 2019 | 30 September 2018 |
|---|---|---|
| | **₦'000** | **₦'000** |
| ***Current tax expenses:*** | | |
| Company Income Tax (CIT) | 398,646 | 2,881,162 |
| Tertiary Education Tax (TET) | 76,299 | 252,087 |
| Capital gains tax | - | 93,611 |
| Current year tax expense | 474,945 | 3,226,859 |
| **Deferred tax** | | |
| Origination and reversal of temporary differences (Note 11.3) | (387,051) | 547,121 |
| | **87,894** | **3,773,980** |

**11.1.2 Reconciliation of effective tax rate**

| | 30 September 2019 | 30 September 2018 |
|---|---|---|
| | **₦'000** | **₦'000** |
| **(Loss)/ Profit before tax** | **(116,950)** | **11,439,673** |
| Income tax using the statutory tax rate (30%) | (35,085) | 3,431,902 |
| Effect of tertiary education tax rate (2%) | (2,339) | 228,793 |
| Capital gains tax | - | 93,611 |
| Non-deductible expenses | 206,534 | (31,799) |
| Tax incentives | (5,143) | 11,729 |
| Other differences | (146,698) | 39,744 |
| Difference in CIT and TET rates | 70,625 | - |
| | **87,894** | **3,773,980** |

**11.2 Movement in current tax liability**

| | 30 September 2019 | 31 December 2018 |
|---|---|---|
| | **₦'000** | **₦'000** |
| Balance as at 1 January | 141,094 | 305,171 |
| Net provision for the year (Note 11.1.1) | 474,945 | 1,280,795 |
| Payments during the year | (1,035,490) | (981,723) |
| Withholding tax credit notes | (661,368) | (463,149) |
| Balance as at 30 September | **(1,080,819)** | **141,094** |

**11.3 Deferred taxation**

**Deferred tax assets and liabilities are attributable to the following;**

| | Assets | | Liabilities | | Net | |
|---|---|---|---|---|---|---|
| | **30 September 2019** | **31 December 2018** | **30 September 2019** | **31 December 2018** | **30 September 2019** | **31 December 2018** |
| | **₦'000** | **₦'000** | **₦'000** | **₦'000** | **₦'000** | **₦'000** |
| Property, plant and equipment | 248,572 | - | - | (1,354,647) | (5,426,135) | (5,674,707) |
| Provision for doubtful debts | 47,501 | - | - | (344,769) | 198,335 | 150,834 |
| Provision for employee benefits | - | 5,522 | - | - | 139,330 | 139,330 |
| Provision for inventory | - | - | - | - | 24,583 | 24,583 |
| Unrealised foreign exchange differences | - | - | 90,979 | (1,283,277) | 80,506 | (10,473) |
| | **296,073** | **5,522** | **90,979** | **(2,982,693)** | **(4,983,381)** | **(5,370,433)** |

**Movement in deferred tax balances during the year;**

| | **Balance 1 January 2018** | **Recognised in profit or loss** | **Recognised in equity** | **Balance 31 December 2018** | **Recognised in profit or loss** | **Balance 30 September 2019** |
|---|---|---|---|---|---|---|
| | **₦'000** | **₦'000** | **₦'000** | **₦'000** | **₦'000** | **₦'000** |
| Property, plant and equipment | (4,320,061) | (1,354,646) | - | (5,674,707) | 248,572 | (5,426,135) |
| Provision for doubtful debts | 495,603 | (224,373) | (120,396) | 150,834 | 47,502 | 198,336 |
| Provision for employee benefits | 133,808 | 5,522 | - | 139,330 | - | 139,330 |
| Provision for inventory | 24,583 | - | - | 24,583 | - | 24,583 |
| Unrealised foreign exchange difference | 1,272,804 | (1,283,277) | - | (10,473) | 90,979 | 80,506 |
| | **(2,393,263)** | **(2,856,774)** | **(120,396)** | **(5,370,433)** | **387,053** | **(4,983,381)** |

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

**12 Employee benefits**

Employee benefits represents the Company's liability for long service awards. Staff who have attained the milestones for the specified number of years of service in the Company (i.e. 10 years, 15 years and 20 years) are rewarded with cash and gift items as long service awards.

An additional provision of ₦24.13 million has been made during the period ended 30 September, 2019 (2018: Nil). See note 31 (iii). Payment of ₦21.99 million (2018: ₦53.14 million) was made to qualifying employees during the period.

**13 Dividends**

**Declared dividends**

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

| | **30 September 2019** | **31 December 2018** |
|---|---|---|
| | **₦'000** | **₦'000** |
| *Final dividend:* | | |
| ₦14.00 per qualifying ordinary share (2018: ₦14.00) | 4,753,306 | 4,753,506 |
| I*nterim dividend:* | | |
| ₦0.00 per qualifying ordinary share (2018: ₦3.00) | - | 1,018,566 |
| | **4,753,306** | **5,772,072** |

**13.1 Dividend payable**

| | **30 September 2019** | **31 December 2018** |
|---|---|---|
| | **₦'000** | **₦'000** |
| Balance as at 1 January | 4,736,627 | 2,022,830 |
| Final dividend (prior year) | 4,753,306 | 4,753,306 |
| Interim dividend (current year) | - | 1,018,566 |
| | 9,489,933 | 7,794,702 |
| Forfeited dividend (Note 13.1(a)) | (32,885) | (60,470) |
| Dividend paid | (6,746,413) | (2,997,605) |
| Balance as at 30 September | **2,710,634** | **4,736,627** |

(a) By the provision of the Companies and Allied Matters Act, dividend which remain unclaimed for 12 years stand forfeited.

**14 Earnings per share (EPS)**

**Basic earnings per share**

Basic earnings per share of (₦0.60) (September 2018: ₦16.71) is based on profit attributable to ordinary shareholders of ₦0.12 Billion (September 2018: ₦5.67 Billion), and on the 339,521,837 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the year (December 2018: 339,521,837 ordinary shares).

The company has no dilutive potential ordinary shares and as such, diluted and basic earnings per share are the same.

| | 30 September 2019 | 30 September 2018 |
|---|---|---|
| **Earnings** | | |
| Profit for the year attributable to shareholders (expressed in Naira) | (204,843,716) | 7,665,692,744 |
| **Number of shares** | | |
| Weighted average ordinary shares of 50 kobo each | 339,521,837 | 339,521,837 |
| Basic earnings per 50 kobo share (expressed in Naira) | -0.60 | 22.58 |

The denominators for the purposes of calculating basic earnings per share are based on issued and paid ordinary shares of 50 kobo each as at 30 September 2019.

**15 Intangible assets**

The movement on these accounts were as follows:

| | Computer software and software licensing |
|---|---|
| **Cost** | **₦'000** |
| Balance as at 1 January 2018 | 398,735 |
| Additions | 6,861 |
| Disposals | - |
| Balance as at 31 December 2018 | 405,596 |
| Balance as at 1 January 2019 | 405,596 |
| Additions | - |
| Reclassification | 22,523 |
| Disposals | - |
| Balance as at 30 September 2019 | 428,119 |
| **Amortisation** | |
| Balance as at 1 January 2018 | (348,163) |
| Additions | (31,490) |
| Disposals | - |
| Balance as at 31 December 2018 | (379,653) |
| Balance as at 1 January 2019 | (379,653) |
| Charge for the period | (15,683) |
| Reclassification | (20,217) |
| Disposals | - |
| Balance as at 30 September 2019 | (415,553) |
| **Carrying amount** | |
| **At 1 January 2018** | **50,572** |
| **At 31 December 2018** | **25,943** |
| **At 30 September 2019** | **12,566** |

[1]Amortisation of intangible assets are included in administrative expenses in Profit or Loss.

**16 Property, plant and equipment**
The movement on these accounts were as follows:

| | Leasehold land | Buildings | Plant, machinery and fittings | Office equipment and furniture | Computer equipment and other tangibles | Motor vehicles | Capital work in progress | Total |
|---|---|---|---|---|---|---|---|---|
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| **Cost** | | | | | | | | |
| Balance as at 1 January 2018 | 4,777,689 | 13,782,544 | 14,484,121 | 554,630 | 13,106,545 | 1,714,009 | 4,157,900 | 52,577,436 |
| Additions | 15,167 | 87,264 | 989,490 | 3,271 | 419,322 | 429,945 | 7,865,058 | 9,809,517 |
| Transfers (Note 16.1) | 89,807 | 1,574,739 | 2,593,395 | 18,915 | 1,116,766 | 532,236 | (6,068,927) | (143,069) |
| Disposals | - | (117,014) | (159,231) | (345) | (96,826) | (37,503) | - | (410,919) |
| Reclassification to assets held-for-sale | - | 21,261 | 257,119 | 5,992 | 85,145 | 52,055 | - | 421,572 |
| Balance as at 31 December 2018 | 4,882,663 | 15,348,794 | 18,164,894 | 582,464 | 14,630,952 | 2,690,742 | 5,954,031 | 62,254,537 |
| Balance as at 1 January 2019 | 4,882,663 | 15,348,794 | 18,164,894 | 582,464 | 14,630,952 | 2,690,742 | 5,954,031 | 62,254,537 |
| Additions | - | - | - | - | 22,812 | 144,879 | 2,926,663 | 3,094,354 |
| Transfers (Note 16.1) | 14,355 | 1,632,222 | 1,753,285 | 28,479 | 484,926 | 189,766 | (4,151,097) | (48,064) |
| Disposals | - | (807) | (222,523) | (11,937) | (55,910) | (40,569) | - | (331,746) |
| Reclassification | (389,033) | 346,367 | 1,659,337 | (12,753) | (1,629,221) | 2,975 | - | (22,328) |
| Balance as at 30 September 2019 | 4,507,985 | 17,326,576 | 21,354,993 | 586,253 | 13,453,559 | 2,987,793 | 4,729,597 | 64,946,753 |
| **Accumulated depreciation and impairment** | | | | | | | | |
| Balance as at 1 January 2018 | (604,587) | (4,722,875) | (8,317,438) | (553,979) | (8,900,932) | (957,810) | - | (24,057,621) |
| Charge for the year | (84,139) | (654,692) | (1,505,816) | (17,704) | (1,609,331) | (434,484) | - | (4,306,166) |
| Eliminated on disposals | - | 62,164 | 156,951 | 345 | 72,431 | 37,503 | - | 329,394 |
| Reclassification to assets held-for-sale | - | (8,313) | (209,873) | (5,978) | (68,941) | (52,055) | - | (345,160) |
| Charge on assets reclassed held for sale | - | (926) | (12,128) | (7) | (6,267) | - | - | (19,328) |
| Balance as at 31 December 2018 | (688,726) | (5,324,642) | (9,888,304) | (577,323) | (10,513,040) | (1,406,846) | - | (28,398,881) |
| Balance as at 1 January 2019 | (688,726) | (5,324,642) | (9,888,304) | (577,323) | (10,513,040) | (1,406,846) | - | (28,398,881) |
| Charge for the year | (71,012) | (539,905) | (1,238,722) | (13,523) | (1,280,722) | (387,368) | - | (3,531,252) |
| Eliminated on disposals | 3 | 412 | 195,643 | 11,833 | 62,302 | 40,569 | - | 310,762 |
| Reclassification | 2,320 | (2,319) | 102,693 | (12,498) | (70,218) | - | - | 19,978 |
| Balance as at 30 September 2019 | (757,415) | (5,866,454) | (10,828,690) | (591,511) | (11,801,678) | (1,753,645) | - | (31,599,393) |
| **Carrying amount** | | | | | | | | |
| **At 1 January 2018** | 4,173,102 | 9,059,669 | 6,166,683 | 651 | 4,205,613 | 756,199 | 4,157,900 | 28,519,815 |
| **At 31 December 2018** | 4,193,937 | 10,024,152 | 8,276,590 | 5,141 | 4,117,912 | 1,283,896 | 5,954,031 | 33,855,656 |
| **At 30 September 2019** | **3,750,570** | **11,460,122** | **10,526,303** | **(5,258)** | **1,651,881** | **1,234,148** | **4,729,597** | **33,347,360** |

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

**16.1** Transfers represent additions to other categories of PPE as well as from period's work-in-progress as they become completed. Capital work in progress items include construction and other tangible asset awaiting completion.

## 17 Inventories

Inventories comprise:

| | 30 September 2019 | 31 December 2018 |
|---|---|---|
| | ₦'000 | ₦'000 |
| Raw materials | 6,103,895 | 4,512,056 |
| Goods in transit | 3,474,601 | 2,956,259 |
| Finished goods | 22,957,472 | 21,243,097 |
| Consumable equipment and spares | 1,859,731 | 1,333,765 |
| | 34,395,699 | 30,045,177 |

### 17.1 Movement in write down of inventory

| | 30 September 2019 | 31 December 2018 |
|---|---|---|
| | ₦'000 | ₦'000 |
| Balance as at 1 January | 400,967 | 402,333 |
| Write down of inventory[1] | 106,430 | 22,533 |
| Reversal of prior year write down | (30,787) | (23,899) |
| Balance as at 30 September | 476,610 | 400,967 |

[1]During the period, amounts of ₦106.4 million (2018: ₦22.5 million) were written down and recognised in cost of sales.

## 18 Trade and other receivables (Current)

| | 30 September 2019 | 31 December 2018 |
|---|---|---|
| | ₦'000 | ₦'000 |
| Customers account | 27,287,279 | 24,494,941 |
| Due from related parties (Note 30.2) | 556,543 | 669,054 |
| ***Total trade receivables*** | **27,843,822** | **25,163,995** |
| Net investment in finance lease | 1,409,477 | 1,540,645 |
| Advance on letters of credit | 1,639,748 | 4,616,913 |
| Bridging claims | 16,902,257 | 9,814,009 |
| Receivable from Petroleum Support Funds | 4,891,987 | 6,248,648 |
| Unclaimed dividends | 2,142,429 | 1,743,332 |
| Employee receivables | 790,206 | 727,873 |
| Advance to supplier | 9,071,326 | 1,202,439 |
| Other receivables | (848,149) | 949,916 |
| ***Total other receivables*** | **35,999,281** | **26,843,775** |
| | **63,843,103** | **52,007,770** |

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

| | 30 September 2019 | 31 December 2018 |
|---|---|---|
| Non-current portion of trade and other receivables comprise: | ₦'000 | ₦'000 |
| Employee receivables | 833,281 | 847,164 |
| Net investment in finance lease (Note 18.1.1) | 619,979 | 677,675 |
| | **1,453,260** | **1,524,839** |

#### 18.1.1 Finance lease receivable

The company leases transport equipment to some of its transporters under a finance lease arrangement. The lease term is between three to five years, with options to extend. The finance lease receivables at the end of the reporting period are neither past due nor impaired. At 30 September 2019, the carrying amount of leased equipment was ₦2.03 billion (2018: ₦2.22 billion). The carrying amount of the finance lease receivables approximates their fair value and may be analysed as follows:

| | 30 September 2019 | 31 December 2018 |
|---|---|---|
| | ₦'000 | ₦'000 |
| Gross investment in finance lease receivable | 2,815,322 | 3,077,321 |
| Unearned finance income | (785,866) | (859,000) |
| Net investment in finance lease | 2,029,456 | 2,218,321 |

| **Net investment in finance lease** | 30 September 2019 | 31 December 2018 |
|---|---|---|
| | ₦'000 | ₦'000 |
| Less than one year | 1,409,477 | 1,540,645 |
| Between one and three years | 619,979 | 677,676 |
| | **2,029,456** | **2,218,321** |

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**18.2** As at 30 September 2019, the ageing of trade receivables that were not impaired was as follows:

| | 30 September 2019 | 31 December 2018 |
|---|---|---|
| | ₦'000 | ₦'000 |
| Neither past due nor impaired | 21,978,561 | 17,837,562 |
| 0 - 90 days past due | 3,812,968 | 5,414,358 |
| 91 - 180 days past due | 992,841 | 1,003,324 |
| Above 180 days past due | 1,059,452 | 908,751 |
| | **27,843,822** | **25,163,995** |

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

**18.3 Ageing of impairments**

The Company considers its receivables to be impaired when normal collection methods fail and the receivables are referred to the legal team/collection agents.

**19 Prepayments**

Non-current and current prepayments mainly represent long term prepaid network assets, advance payment for rent and insurance expenses.

| | 30 September 2019 | 31 December 2018 |
|---|---|---|
| | ₦'000 | ₦'000 |
| **Current** | | |
| Prepaid rent | 885,229 | 664,794 |
| Employee advances | 876,585 | 1,100,644 |
| | **1,761,814** | **1,765,438** |
| **Non-current** | | |
| Long term prepaid network assets | 6,694,821 | 7,109,652 |
| Prepaid rent | 87,763 | 92,289 |
| **Total non-current prepayment** | **6,782,584** | **7,201,941** |
| **Total prepayments** | **8,544,398** | **8,967,379** |

The long term prepaid network assets relate to amounts paid in advance for leased stations, as well as lands on which stations and other Company installations are built.

| **20 Borrowings** | 30 September 2019 | 31 December 2018 |
|---|---|---|
| | ₦'000 | ₦'000 |
| **Unsecured borrowings at amortised cost** | | |
| Bank overdrafts (Note 23) | 45,973,292 | 22,148,472 |
| Trade finance loan | 7,895,228 | 12,072,072 |
| **Total borrowings** | **53,868,520** | **34,220,544** |

The principal features of the Company's borrowings are as follows:

- Bank overdrafts are repayable on demand. The average interest rate on bank overdrafts for the year was approximatey 15.13% per annum (2018: 16.07% per annum). This was determined based on banks' cost of funding plus lenders' mark-up. These overdrafts are neither guaranteed nor is any collateral given on the balances.

Trade finance loan represents short term borrowings obtained to fund letters of credits for product importation.

- The carrying amount of current borrowings is a reasonable approximation of fair value as at 30 September, 2019.

| | | 30 September 2019 | 31 December 2018 |
|---|---|---|---|
| **21** | **Trade and other payables** | **₦'000** | **₦'000** |
| | **Trade payables :** | | |
| | Amount due to related companies (Note 30.2) | 8,868,697 | 6,985,111 |
| | Trade creditors | 3,917,682 | 12,424,899 |
| | Bridging contribution | 18,083,616 | 11,986,663 |
| | Payable to Petroleum Support Fund | 616,869 | 616,869 |
| | | **31,486,864** | **32,013,542** |
| | **Other payables:** | | |
| | Sundry creditors | 3,978,644 | 2,515,755 |
| | Security deposits | 4,972,755 | 4,360,278 |
| | Accrued liabilities | 17,919,300 | 17,812,083 |
| | Dividend payable (Note 13.1) | 2,710,634 | 4,736,627 |
| | Pay As You Earn (PAYE) | 113,317 | 55,267 |
| | Staff pension | 30,468 | 87,478 |
| | Staff gratuity | - | 2,851 |
| | | **29,725,118** | **29,570,339** |
| | **Total trade and other payables** | **61,211,982** | **61,583,881** |

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

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

The Directors consider that the carrying amount of trade payables as at 30 September 2019 approximates their fair value. Information about the Company's exposure to currency and liquidity risks is included in Note 26(iii).

| | | 30 September 2019 | 31 December 2018 |
|---|---|---|---|
| **21.2** | **Deferred income (current)** | **₦'000** | **₦'000** |
| | Rental services | 36,317 | 38,535 |
| | Advance received for solar distribution | 10,061 | - |
| | | **46,378** | **38,535** |

The deferred income represents amounts billed and collected in accordance with contractual terms in advance of when the goods are delivered or services rendered. These advance payments primarily relate to the rental income and prepaid revenue for goods and services yet to be rendered. The Company estimates this will be earned as revenue during the subsequent financial periods.

| | | 30 September 2019 | 31 December 2018 |
|---|---|---|---|
| **22** | **Share capital** | **₦'000** | **₦'000** |
| | **Authorised, Issued and fully paid:** | | |
| | 339,521,837 ordinary shares of 50 kobo each | 169,761 | 169,761 |

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

| | | 30 September 2019 | 31 December 2018 |
|---|---|---|---|
| | | **₦'000** | **₦'000** |
| **23** | **Cash and cash equivalents** | | |
| | Bank and cash balances | 284,224 | 2,688,916 |
| | Cash balances with Total Treasury (Note 30.2) | 3,392,785 | 3,405,102 |
| | Cash & cash equivalents in statement of financial position | 3,677,009 | 6,094,018 |
| | Bank overdrafts (Note 20) | (45,973,292) | (22,148,472) |
| | Cash & cash equivalents in statement of cash flows | (42,296,283) | (16,054,454) |

The directors believe that the amounts held with Total Treasury qualify as cash and cash equivalents because they can be withdrawn at any time without penalty.

## 24 Commitments and contigent liabilities
### Financial commitments

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

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

| | 30 September 2019 | 31 December 2018 |
|---|---|---|
| **Bonds** | **₦'000** | **₦'000** |
| Total commitments given | 2,000,350 | 2,000,350 |
| Total commitments received | 100,000 | 590,000 |

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

Commitments received include customers' guarantees.

Commitments received and given are held with local banks.

At 30 September 2019, the Company had contractual commitments for the acquisition of property, plant and equipment amounting to ₦5.0 Billion (2018: ₦4.5 Billion).

### Contingent liabilities

There are contingent liabilities in respect of legal actions against the Company amounting to approximately ₦1.27 trillion (2018: ₦1.26 trillion). The Directors have not made provisions for these contingent liabilities as consultation with the in-house legal team (who holds regular discussions and get expert opinion from the Company’s external solicitors) has indicated that no material losses will crystalise against the Company.

### 25 Capital management

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

The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 20, cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings.

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

**Gearing ratio**
The gearing ratio is as follows:

| | 30 September 2019 | 31 December 2018 |
|---|---|---|
| | ₦'000 | ₦'000 |
| Borrowings (Note 20) | 53,868,520 | 34,220,544 |
| Cash and cash equivalents (Note 23) | (3,677,009) | (6,094,018) |
| Net debt | 50,191,511 | 28,126,526 |
| Equity | 25,805,623 | 30,730,888 |
| Net debt to equity ratio | 1.94:1 | 0.92:1 |

Borrowing is defined mainly as long and short-term borrowings.
Equity includes all capital and reserves of the Company that are managed as capital.

### 26 Financial risk management

**(i) Financial risk management objectives**

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

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

**(ii) Market risk**

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

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

**Interest rate risk management**

The Company is exposed to interest rate risk as it borrows funds at multiple interest rates. The risk is managed by the Company by constantly negotiating with the banks to ensure that interest rates are consistent with the monetary policy rates as defined by the Central Bank of Nigeria.

***Interest rate risk***
***Sensitivity analysis***
At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

| | 30 September 2019 | 31 December 2018 |
|---|---|---|
| | **₦'000** | **₦'000** |
| **Variable rate instruments** | | |
| Borrowings (Note 20) | 53,868,520 | 34,220,544 |
| | 53,868,520 | 34,220,544 |

**Sensitivity analysis for variable rate instruments**

A change of 500 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below:

Change of 500 basis points or 5%

| | Interest charged | Effect of increase/decrease in Interest rate | |
|---|---|---|---|
| | **₦'000** | | **₦'000** |
| 30 September 2019 | 6,145,651 | '+/-5 % | 2,030,949 |
| 31 December 2018 | 4,460,937 | '+/-5 % | 1,354,261 |

**26 Financial Risk Management (cont'd)**

**Foreign exchange risk management**

A movement in the exchange rate either positively or negatively by 15 percent is illustrated below. Such movements would have increased (decreased) the profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

*Effect in thousands of Naira*

***As at 30 September 2019***

| | Foreign currency | Naira balance | Exchange rate* | Effect of increase/decrease in exchange rate | |
|---|---|---|---|---|---|
| | '000 | '000 | | | N '000 |
| ***Trade receivables*** | | | | | |
| USD | 3,109 | 1,061,382 | 341.39 | '15% | 159,207 |
| Euro | (7) | (2,603) | 371.90 | '15% | (390) |
| ***Cash deposits*** | | | | | |
| USD | 14,581 | 4,977,808 | 341.39 | '15% | 746,671 |
| EURO | 116 | 43,140 | 371.90 | '15% | 6,471 |
| ***Trade payables*** | | | | | |
| USD | (1,632) | (557,148) | 341.39 | '15% | (83,572) |
| EURO | (847) | (314,999) | 371.90 | '15% | (47,250) |
| **Net impact on profit or loss** | | | | | |
| USD | **16,058** | **5,482,040** | **341.39** | **15%** | **822,305** |
| EURO | **(738)** | **(274,462)** | **371.90** | **15%** | **(41,170)** |

***As at 31 December 2018***

| | Foreign currency | Naira balance | Exchange rate | Effect of increase/decrease in exchange rate | |
|---|---|---|---|---|---|
| | '000 | '000 | | | N '000 |
| **Trade receivables** | | | | | |
| USD | 4,464 | 1,568,335 | 351.33 | '15% | 235,250 |
| Euro | (11,562) | (4,607,110) | 398.47 | '15% | (691,067) |
| **Cash deposits** | | | | | |
| USD | 13,783 | 4,842,376 | 351.33 | '15% | 726,356 |
| EURO | 187 | 74,514 | 398.47 | '15% | 11,177 |
| **Trade payables** | | | | | |
| USD | (34,256) | (12,035,148) | 351.33 | '15% | (1,805,272) |
| EURO | (2,758) | (1,098,980) | 398.47 | '15% | (164,847) |
| GBP | (43) | (19,085) | 443.84 | '15% | (2,863) |
| CHF | (20) | (7,236) | 361.79 | '15% | (1,085) |
| **Net impact on profit or loss** | | | | | |
| USD | **(16,009)** | **(5,624,437)** | **351.33** | **15%** | **(843,666)** |
| EURO | **(14,133)** | **(5,631,576)** | **398.47** | **15%** | **(844,737)** |

A decrease in exchange rate by 15 percent (2018: 15 percent) against the above currencies at the reporting period would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

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

**Financial Risk Management (cont'd)**

**(iii) Liquidity risk management**

**Liquidity and interest risk tables**

The following tables detail the Company's remaining contractual maturity for its derivative and 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. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

| | | | Contractual cashflows | | | |
|---|---|---|---|---|---|---|
| | | **Carrying amount** | **Total** | **Less than 1 month** | **1 to 3 months** | **3 months to 1 year** |
| **As at 30 September 2019** | | **₦'000** | **₦'000** | **₦'000** | **₦'000** | **₦'000** |
| Borrowings | (Note 20) | 53,868,520 | 53,868,520 | 45,973,292 | 7,895,228 | - |
| Trade payables | (Note 21) | 31,486,864 | 31,486,864 | 3,917,682 | 9,485,566 | 18,083,616 |
| Other payables[1] | (Note 21) | 29,294,083 | 29,294,083 | 10,473,860 | 9,840,802 | 8,979,421 |
| | | **114,649,467** | **114,649,467** | **60,364,834** | **27,221,596** | **27,063,037** |
| **31 December 2018** | | | | | | |
| Borrowings | (Note 20) | 34,220,544 | 34,220,544 | 22,148,472 | 12,072,072 | - |
| Trade payables | (Note 21) | 32,013,542 | 32,013,542 | 12,424,899 | 7,601,980 | 11,986,663 |
| Other payables[1] | (Note 21) | 28,902,610 | 28,902,610 | 10,333,892 | 9,709,294 | 8,859,424 |
| | | **95,136,696** | **95,136,696** | **44,907,263** | **29,383,346** | **20,846,087** |

[1]The amount of other payables does not include statute-based deductions.

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

**Financing facilities**
Unsecured bank loans which are revolving trade loans with a tenure of one year and overdrafts payable at call are reviewed annually.

| | **2019** | **2018** |
|---|---|---|
| | ₦'000 | ₦'000 |
| Amount used | 54,283,447 | 34,220,544 |
| Amount unused | 31,716,553 | 58,779,456 |
| Total Facilities | 86,000,000 | 93,000,000 |

## NOTES TO THE FINANCIAL STATEMENTS

**Financial Risk Management (cont'd)**

**(iv) 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 e.g. security deposits, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information and its own trading records to rate its major customers. Credit exposure is controlled by setting credit limits that are routinely reviewed and approved by the management.

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

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

The credit policy of Total Nigeria Plc. is set in accordance with the sales channel that the Customer belongs to:

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

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

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

***Cash and cash equivalents***

The Company held cash and cash equivalents of ₦42.3 million (net overdraft) at 30 September 2019 (2018: ₦16.05 million). T Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

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

***As at 30 September 2019***

| | Not Credit Impaired | Credit Impaired | Total |
|---|---|---|---|
| | **₦'000** | **₦'000** | **₦'000** |
| **Trade receivables** | **26,784,370** | **1,059,452** | **27,843,822** |

***As at 31 December 2018***

| | Not Credit Impaired | Credit Impaired | Total |
|---|---|---|---|
| | **₦'000** | **₦'000** | **₦'000** |
| **Trade receivables** | **24,961,271** | **202,724** | **25,163,995** |

**Financial Risk Management (cont'd)**

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

| | 30 September 2019 | 31 December 2018 |
|---|---|---|
| | **₦'000** | **₦'000** |
| Customers | 27,287,279 | 24,494,941 |
| Due from related parties | 556,543 | 669,054 |
| Due from regulators (Government entities) | 21,794,244 | 16,062,657 |
| Other receivables | 605,111 | 2,474,755 |
| | **50,243,177** | **43,701,407** |

***Due from related parties***

The Company has transactions with its parent and other related parties who are related to the Company by virtue of being members of the Total Group. In the directors' view, all amounts are collectible. Related party receivable balances were assessed for impairment in accordance with IFRS 9.

***Due from Government entities***

This comprises amount due from PPPRA with respect to subsidies/PSF receivables on imported products as well as amounts receivable from PEF with respect to bridging claims. Bridging claims receivables are usually netted off against the payables following recinciliations with PEF.

Determination of amounts due are based on existing regulations/ guidelines and impairment is only recognised when changes occur in the regulations/ guidelines that prohibit or limit recovery of previously recognised amounts.

***Other receivables***

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

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

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a single default rate approach. The single default or loss rate approach is the amount that is expected to be written-off in each bucket (balances that are 180 days past due in line with the Company's provisioning matrix) and divided by the relevant total unpaid balances included in each ageing bucket.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from customers as at 30 September 2019.

| **30 September 2019** | **Weighted average loss ratio** | **Gross carrying amount** | **Loss allowance** | **Credit impaired** |
|---|---|---|---|---|
| | | **₦'000** | **₦'000** | |
| Current (not past due) | 0.34% | 21,492,530 | 72,481 | No |
| 1 - 30 days past due | 1.93% | 1,751,249 | 33,772 | No |
| 31 - 60 days past due | 3.77% | 1,351,429 | 51,001 | No |
| 61 - 90 days past due | 7.02% | 710,290 | 49,874 | No |
| 91 - 120 days past due | 21.30% | 483,188 | 102,933 | No |
| 121 - 150 days past due | 34.02% | 224,343 | 76,319 | No |
| 151 - 180 days past due | 81.16% | 285,309 | 231,551 | No |
| More than 180 days past due | 100.00% | 1,059,452 | 1,059,452 | Yes |
| | | **27,357,790** * | **1,677,384** | |

*This has been adjusted for security deposits and receivables not impaired during the period.

**Financial Risk Management (cont'd)**

**27 Classification of financial instruments**

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

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

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

***As at 30 September 2019***

| | Carrying amount | | |
|---|---|---|---|
| | Loans and receivables | Other financial liabilities | Total |
| | ₦'000 | ₦'000 | ₦'000 |
| **Financial assets not measured at fair value** | | | |
| Trade and other receivables (Note 18)[1] | 56,690,137 | - | 56,690,137 |
| Cash and cash equivalents (Note 23) | 3,677,009 | - | 3,677,009 |
| | 60,367,147 | - | 60,367,147 |
| **Financial liabilities not measured at fair value** | | | |
| Borrowings (Note 20) | - | 53,868,520 | 53,868,520 |
| Trade and other payables (Note 21)[2] | - | 60,780,947 | 60,780,947 |
| | - | 114,649,467 | 114,649,467 |

***As at 31 December 2018***

| | Carrying amount | | |
|---|---|---|---|
| | Loans and receivables | Other financial liabilities | Total |
| | ₦'000 | ₦'000 | ₦'000 |
| **Financial assets not measured at fair value** | | | |
| Trade and other receivables (Note 18)[1] | 52,185,520 | - | 52,185,520 |
| Cash and cash equivalents (Note 23) | 6,094,018 | - | 6,094,018 |
| | 58,279,538 | - | 58,279,538 |
| **Financial liabilities not measured at fair value** | | | |
| Borrowings (Note 20) | - | 34,220,544 | 34,220,544 |
| Trade and other payables (Note 21)[2] | - | 60,916,152 | 60,916,152 |
| | - | 95,136,696 | 95,136,696 |

*[1] Trade and other receivables excludes advance to suppliers*

*[2] Trade and other payables excludes statute based deductions*

**28 Assets pledged as security**

As at the year ended 30 September 2019 there were no assets pledged as security (2018: Nil).

**29 Events after the reporting date**

There were no events after the reporting date that could have a material effect on the financial position of the Company at 30 September 2019 and on the profit for the year ended on that date that have not been taken into account in these financial statements.

**30 Related party transactions**

As at the period ended 30 September 2019, the Parent Company Total Raffinage Marketing (incorporated in France) owned 61.72% of the issued shares of Total Nigeria Plc. The Ultimate Parent Company and ultimate controlling party is Total S.A (incorporated in France).

**30.1 Trading transactions**

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

| | Sale of goods | | Purchase of goods | | Others | |
|---|---|---|---|---|---|---|
| | 30 September 2019 | 30 September 2018 | 30 September 2019 | 30 September 2018 | 30 September 2019 | 30 September 2018 |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Total Outré Mer | - | - | 21,299,982 | 26,034,082 | 1,859,410 | 76,046 |
| Total E&P Nigeria | 1,039,662 | 695,979 | - | - | - | - |
| Total Lubricants | 399,205 | 215,289 | - | - | - | - |
| Total Access to Solar | - | - | 185,195 | - | - | - |
| Total marketing middle east | - | - | 658,437 | 116,094 | - | - |
| Total SA | - | - | - | - | - | 2,518 |
| Total Cameroon | - | - | - | - | 9,012 | - |
| Total Gestion International | - | - | - | - | 59,453 | 567,852 |
| Total Raffinage Marketing | - | - | - | - | 530,551 | 873,985 |
| | 1,438,868 | 911,268 | 22,143,614 | 26,150,176 | 2,458,426 | 1,520,400 |

**30.2 Outstanding balance**

The following amounts were outstanding at the reporting date:

| | Amounts owed by related parties | | Amounts owed to related parties | |
|---|---|---|---|---|
| | 30 September 2019 | 31 December 2018 | 30 September 2019 | 31 December 2018 |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Total Outre Mer | - | - | 6,035,915 | 6,547,938 |
| Total E&P Nigeria | 387,631 | 425,218 | - | - |
| Total SA | - | - | - | 1,553 |
| Total Congo | 44,714 | - | - | - |
| Total Cameroon | 39,129 | 140,620 | - | 9,585 |
| Total Niger | 19,003 | 19,004 | - | - |
| Total Gabon | 2,526 | 20,672 | - | - |
| Total Gestion International | - | - | 48,599 | 7,143 |
| Total Oil Trading | - | - | - | 38,375 |
| Total Marketing middle east | - | - | 20,882 | 104,187 |
| Total Raffinage Marketing | - | - | 49,504 | 276,330 |
| Total Lubrifiants | 63,540 | 63,540 | - | - |
| | 556,543 | 669,054 | 6,154,900 | 6,985,111 |
| Total Treasury[1] | 3,392,785 | 3,405,102 | - | - |
| | 3,949,328 | 4,074,156 | 6,154,900 | 6,985,111 |

[1] Included in the analysis above is the balance of funds held with Total Treasury as at the year ended 30 September 2019; amounting to ₦ 3.39 billion (2018: ₦3.41 billion). This has however been classified along with cash and cash equivalents in the statement of financial position. See Note

**Technical assistance and management fees**

Total Raffinage Marketing charges Total Nigeria Plc for General Assistance recorded and Total Outre Mer charges Total Nigeria Plc for Research & Development costs. The expenses are generally charged to profit or loss when the Company obtains approval from National Office for Technology Acquisition and Promotion (NOTAP) with respect to these transactions. During the year, no accrual was made in this regard.

### 31 Information regarding employees

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

| | 30 September 2019 | 30 September 2018 |
|---|---|---|
| | Number | Number |
| Below ₦1,500,000 | - | 2 |
| ₦1,500,001 - ₦2,500,000 | - | 2 |
| ₦4,500,001 - ₦5,500,000 | 9 | 16 |
| ₦5,500,001 - ₦6,500,000 | 10 | 6 |
| ₦6,500,001 - ₦7,500,000 | 5 | 8 |
| ₦7,500,001 - ₦8,500,000 | 10 | 80 |
| ₦8,500,001 - ₦9,500,000 | 35 | 52 |
| ₦9,500,001 and above | 396 | 300 |
| | **465** | **466** |

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

| | 30 September 2019 | 30 September 2018 |
|---|---|---|
| | Number | Number |
| Managerial staff | 121 | 119 |
| Senior staff | 325 | 325 |
| Junior staff | 19 | 22 |
| | **465** | **466** |

**(iii)** The related staff cost amounted to ₦5.09 billion (2018: ₦5.08 billion).

| Staff costs relating to the above were: | 30 September 2019 | 30 September 2018 |
|---|---|---|
| | ₦'000 | ₦'000 |
| Salaries and wages | 5,091,846 | 5,080,542 |
| Termination benefits | 83,776 | 133,777 |
| Pension and social benefit | 422,673 | 395,149 |
| Medical expenses | 235,189 | 279,293 |
| Training expenses | 118,750 | 48,669 |
| Provision for long service award | 24,126 | - |
| Other Staff Expenses | 84,923 | 72,899 |
| Temporary Staff | 689,404 | 722,159 |
| **Total staff cost** | 6,750,687 | 6,732,488 |