



MRS Oil Nigeria Plc
2024 1st Quarter Financial Statements
For the period ended 31 March 2024

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Corporate information

RC 6442

Board of directors	Mr. Patrice Alberti Mr. Marco Storari Ms. Amina Maina Mr. Matthew Akinlade Sir. Sunday Nnamdi Nwosu Chief Sir Amobi Daniel Nwokafor Mrs Priscilla Ogwemoh	Chairman Managing Director Non Executive Director Independent Director Non Executive Director Non Executive Director Non Executive Director
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Registered office 2, Tincan Island
Apapa
Lagos

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

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

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

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

Leadership team

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

Statement of Directors’ responsibilities in relation to the financial statements for the period ended 31 March 2024

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

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Signature

Mr Marco Storari (Managing Director)

Name

FRC/2020/003/00000022083

FRC

27 April 2024

Date

Signature

Dr. Amobi D. Nwokafor (Director)

Name

FRC/2013/ICAN/00000002770

FRC

27 April 2024

Date

**Statement of Profit or Loss and Other Comprehensive Income
for the period ended 31 March, 2024**

	<i>Notes</i>	31 Mar. 2024	31 Mar. 2023
		₦'000	₦'000
Revenues	5	79,159,648	30,788,457
Cost of sales	8	(73,548,066)	(26,977,012)
Gross profit		5,611,582	3,811,445
Other income	6	285,218	22,811
Administrative expenses	10	(1,937,146)	(1,191,510)
Selling and distribution expenses	9	(243,973)	(314,096)
Net foreign exchange loss	12a	(495,057)	(156,925)
Impairment loss on financial assets	30a	(208,270)	(206,221)
Operating profit		3,012,354	1,965,503
Finance income	11	96,628	16,239
Finance costs	11	(32,754)	(38,935)
Net finance costs	11	63,874	(22,696)
Profit before Taxation	12	3,076,228	1,942,807
Income tax expense	14b	(1,085,801)	(467,677)
Profit after tax		1,990,427	1,475,130
Other Comprehensive Income, net of income tax		-	-
Total comprehensive income for the period		1,990,427	1,475,130
Earnings per share			
Basic and diluted earnings per share (Naira)	13	5.80	4.30

The accompanying notes on pages 8 to 52 form an integral part of these financial statements.

**Statement of Financial Position
as at 31 March 2024**

	Notes	31 Mar. 2024	31 Dec. 2023
		₦'000	₦'000
Assets			
Non current assets			
Property, plant and equipment	15	21,715,715	19,420,838
Right of use assets	29(i)	595,931	664,579
Intangible assets	16	206,800	227,803
Total non-current assets		22,518,446	20,313,220
Current Assets			
Inventories	19	8,750,122	7,631,431
Withholding tax receivables	18	45,241	40,960
Prepayments	27	370,402	188,665
Trade and other receivables	17	11,427,661	20,749,480
Cash and cash equivalents	20	11,024,067	5,907,533
Total current assets		31,617,493	34,518,069
Total assets		54,135,939	54,831,289
Equity			
Share capital	21(a)	171,442	171,442
Retained earnings	21(b)	24,430,216	22,439,789
Total equity		24,601,658	22,611,232
Liabilities			
Non current liabilities			
Employee benefit obligation	22(a)	9,326	8,523
Provisions	28	150,779	144,028
Lease liabilities	29(iii)	108,156	82,153
Deferred tax liabilities	14(e)	558,672	511,572
Total non-current liabilities		826,933	746,276
Current liabilities			
Contract liabilities	23	6,191,569	5,835,729
Dividend payable	24(b)	103,691	104,569
Trade and other payables	25	17,570,076	21,730,172
Short term borrowings	26	1,411,105	1,411,105
Lease liabilities	29(iii)	472,568	472,568
Tax payable	14(d)	2,958,339	1,919,638
Total current liabilities		28,707,348	31,473,781
Total liabilities		29,534,281	32,220,057
Total equity and liabilities		54,135,939	54,831,289

Approved by the Board of Directors on 27 April 2024 and signed on its behalf by:

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

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

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

The accompanying notes on pages 8 to 52 form an integral part of these financial statements.

**Statement of Changes in Equity
for the period ended 31 March, 2024**

	Share capital	Retained earnings	Total equity
	₦'000	₦'000	₦'000
Balance as at 1 January 2023	171,442	18,328,004	18,499,446
Total comprehensive income:			
Profit for the period	-	1,475,130	1,475,130
Total comprehensive income for the period	-	1,475,130	1,475,130
Transactions with owners of the Company			
Bonus issue transfer from Retained Earnings to Share Capital	-	-	-
Balance as at 31 March 2023	171,442	19,803,134	19,974,576

	Share capital	Retained earnings	Total equity
	₦'000	₦'000	₦'000
Balance as at 1 January 2024	171,442	22,439,789	22,611,232
Total comprehensive income:			
Profit for the period	-	1,990,427	1,990,427
Total comprehensive income	-	1,990,427	1,990,427
Transactions with owners of the Company			
Write-back of statute barred dividend Note 24(b)	-	-	-
Total transactions with owners of the Company	-	-	-
Balance as at 31 March 2024	171,442	24,430,216	24,601,658

Statement of Cash Flows for the year ended 31 March 2024

	<i>Notes</i>	31 Mar. 2024	31 Mar. 2023
		₦'000	₦'000
Cash flows from operating activities:			
Profit after tax		1,990,427	1,475,130
Adjustments for:			
Depreciation on PPE	15	193,539	160,996
Depreciation on Right of Use Assets	29(i)	104,648	134,574
Amortisation of intangible assets	16	21,003	5,263
Finance income	11	(96,628)	(16,239)
Finance costs	11	32,754	38,935
(Gain)/Loss on sale of property, plant and equipment	6,10	-	(4,587)
Net foreign exchange loss	10	495,057	156,925
(Reversal of)/Provision for long service award	22(c)	804	804
Impairment/(Reversal) of Impairment loss on trade receivables	30(a)	208,271	112,024
(Reversal)/Impairment of Related party receivables	30(a)	-	94,197
Taxation	14	1,085,801	467,677
		4,035,676	2,625,700
Changes in:			
- Inventories		(1,118,691)	(868,765)
- Trade, other receivables		9,242,169	(1,445,336)
- Prepayments		(181,737)	(40,258)
Contract liability(Customer Advance received)		355,840	1,100,615
- Trade and other payables		(4,786,397)	2,545,363
Cash generated from operations		7,546,860	3,917,317
Income taxes paid	14(d)	-	-
Long service award paid	22(c)	-	-
Net cash generated from operating activities		7,546,860	3,917,317
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment		-	6,611
Purchase of property, plant and equipment	15	(2,488,418)	(3,609,649)
Purchase of ROU assets	29(i)	(36,000)	-
Purchase of Intangible Assets	16	-	(22,161)
Interest received	11	96,628	16,239
Net cash used for investing activities		(2,427,790)	(3,608,960)
Cash flows from financing activities:			
Additional short term borrowings	26	-	10,442,815
Short term borrowing repayment	26	-	(8,670,055)
Dividends paid	24	(878)	-
Interest paid	11	-	(15,370)
Net cash used in financing activities		(878)	1,757,389
Net change in cash and cash equivalents		5,118,192	2,065,747
Cash and cash equivalents at 1 January		5,907,533	3,216,445
Effect of movements in exchange rates on cash held		(1,658)	(73,569)
Cash and cash equivalents at 31 March 2024	20	11,024,067	5,208,624

The accompanying notes on pages 8 to 52 form an integral part of these financial statements.

Notes to the financial statements

1. Reporting entity

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

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

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

The Company is domiciled in Nigeria and has its registered office address at:
2, Tincan Road Lagos
Nigeria

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

2. Basis of preparation

a. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act, 2023.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

c. Composition of Financial statements

The financial statements comprise:

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

Notes to the financial statements

d. Financial Period

These financial statements cover the period from 1 January 2024 to 31 March 2024 with comparative figures for the financial year from 1 January 2023 to 31 March 2023.

e. Functional and presentation currency

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

f. Significant changes in the current reporting year

The implementation of deregulation policy on Petroleum Motor Spirit (PMS) immediately after inauguration of the new government in Nigeria had significant impact on our industry. This product line alone contribute about 94% of total revenue of the company in the year. The policy significantly affected the working capital requirements of the company by more than 180% and consequently increased our finance cost on bank credit lines for product purchase. Subsequently, in the first three months immediately after the policy took effect, our sales volume decreased by about 40% compared to average monthly sales volume of the months before the policy. Also, due to the increase in the pump price resulting from the subsidy removal, our average monthly revenue value in the last three months of the year increased by about 200% comparatively with revenue performances before deregulation. Sales volume also improved in the last quarter of the year. This indicated that the market had gradually adjusted to the new reality. Despite this significant change in the industry, our business recorded above budget performance in the year.

These recent events will continue to have an impact on oil price volatility. The Company will continue to monitor the oil prices and take adequate steps to manage its business and any financial impact of same. However, the Company's operations are not affected by seasonality or cyclic situation.

g. Going Concern

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

3. Critical accounting judgement and key sources of estimating uncertainty

Use of judgements and estimates

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

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

Critical judgements in applying the Company's accounting policies.

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

Notes to the financial statements

Key sources of estimation uncertainty

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

i. Recoverability of financial assets-Account receivables

The Company reviews all financial assets at least quarterly and when there is any indication that the asset might be impaired. Loss allowance for trade receivables is measured at an amount equal to twelve months ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Company has recognized a loss allowance of 100% against all receivables over 365 days past due, because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting year. The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, except where there is adequate security. None of the trade receivables that have been written off are subject to enforcement activities. Trade receivables are considered to be past due when they exceed the credit period granted. Note 30 explains more about the impairment of financial assets.

ii. Provision for site decommissioning

In 2023, the Company reviews the provision on asset retirement obligation based on the current inflation rate of 28.2% and interest rate of 18.75% as at the end of the reporting period. In estimating the provision, the directors have made assumptions regarding the estimated costs of restoring the site based on currently available information about the likely extent of decommissioning liability. This has resulted to change in estimate and gave rise to reduction in carrying amount of right of use asset as well as asset retirement obligation amounting to NGN 127.4million (Note 28 & 29).

4. Accounting policies

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

A. Foreign currency transactions

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

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

Notes to the financial statements

B. Financial instruments

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

C. Recognition and initial measurement

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

Financial assets

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

Classification of financial assets

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

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

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

Amortized cost and effective interest method

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

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

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

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

Financial assets at FVTPL

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

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

Notes to the financial statements

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

Impairment of financial asset

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

D. Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

E. Derecognition Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes 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 recognized 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 recognized in profit or loss.

F. Offsetting

Financial assets and financial liabilities are off-set 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 realize the asset and settle the liability simultaneously

Notes to the financial statements

G. Property, plant and equipment

i. Recognition and measurement

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

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

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

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

ii. Subsequent expenditure

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

iii. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, and capitalized at such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

iv. Depreciation

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

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

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

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

Notes to the financial statements

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

The Company has carried out a review of the residual values and useful lives of property, plant and equipment during the year and that has not highlighted any requirement for an adjustment to the residual lives and remaining useful lives of the assets for the current or future periods.

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.

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

H. 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 amortization and accumulated impairment losses.

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

ii. Subsequent expenditure

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

iii. Amortization of intangible assets

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

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

Derecognition of intangible assets

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

I. Leases

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

i As a lessee

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

Notes to the financial statements

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

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

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

- fixed payments, including in-substance fixed payments;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

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

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

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

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

Notes to the financial statements

J. Inventories

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

The bases of costing inventories are as follows:

Product Type	Cost Basis
Refined petroleum products AGO, ATK, PMS, LPG, LPFO,Lubricants and greases	Weighted average cost

Net realizable 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.

K. Cash and cash equivalents

In the statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

Bank balances for which use by the Company is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. During the reporting period, the Company does not have any Contractual restrictions affecting use of bank balances. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the statement of financial position.

L. Impairment

i. Non-derivative financial assets

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

Objective evidence that financial assets maybe impaired includes

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

Notes to the financial statements

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

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

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

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

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

Impairment losses are recognized 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 amortization, if no impairment loss had been recognized.

M. Employee benefits

i. Defined contribution plan

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

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

Notes to the financial statements

ii. Other long-term employee benefits

The Company's other long-term employee benefits represents a Long Service Award scheme instituted for all permanent employees. The Company's obligations in respect of this scheme is the amount of future benefits that employees have earned in return for their service in the current and prior years. The benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on Federal Government of Nigeria issued bonds that have maturity dates approximating the term of the Company's obligation. The calculation is performed using the Projected Unit Credit method. Remeasurements are recognized in profit or loss in the year in which they arise. Although the scheme was not funded, the Company ensured that adequate arrangements were in place to meet its obligations under the scheme.

iii. Terminal benefits

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

iv. Short-term employee benefits

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

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

N. Provisions, Contingent Liabilities and Assets

Provisions

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

Restoration provisions

Provisions for the costs to restore leased plant assets to their original condition, as required by the terms and conditions of the lease, are recognized when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Contingent liabilities

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

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

Notes to the financial statements

Contingent assets

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

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

O. Revenue

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

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

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

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

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

P. Finance income and finance costs

The Company's finance income and finance costs include:

- interest income;
- interest expense;
- interest on lease liabilities

Unwinding of the discount on provisions.

Interest income or expenses are recognized in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

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

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

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

Notes to the financial statements

Q. Income tax

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

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

i. Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Company is subject to the Companies Income Tax Act (CITA), Tertiary Education Trust Fund (Establishment Act 2011). Tertiary education tax is assessed at 3% of assessable profit while Company income tax is assessed at 30% of taxable profit.

ii. Deferred tax

Deferred tax is recognized 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 recognized for:

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

Deferred tax assets are recognized 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 recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans approved by the board of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

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

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

iii. Minimum tax

The Company is subject to the Companies Income Tax Act (CITA). Total amount of tax payable under CITA is determined based on the higher of two components namely, Company Income Tax (based on taxable income (or loss) for the year); and Minimum tax (determined as 0.50% of the qualifying company's turnover less franked investment income).

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognized in the income tax expense line in the profit or loss.

R. Withholding tax receivables

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

The Company utilizes WHT credits against current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognized amounts, and it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Notes to the financial statements

The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realized.

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

S. Earnings per share (EPS)

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

T. Segment reporting

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

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

The company has identify three operating segments which are:

- i. **Retail/Commercial & Industrial**- this segment is responsible for the sale and distribution of refined products to retail and industrial customers.
- ii. **Aviation**- this segment involves in the sales of Aviation Turbine Kerosene (ATK).
- iii. **Lubricants** - this sells lubricants and greases.

U. Statement of cash flows

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

V. Joint arrangement

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

W. Share capital

The Company has only one class of shares, 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 is recorded in the share premium reserve. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects are recognized as a deduction from equity.

Notes to the financial statements

4. New and amended IFRS standards

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

In the current year, the company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

i. IAS 1 amendments to classification of liabilities with covenants as current or non-current are effective from 1 January 2024.

The company has adopted the amendments to IAS 1 and the related amendments for the first time in the current year. The amendments clarify the criteria for determining whether to classify a liability as current or non-current and cover what additional disclosures may also be required for liabilities subject to covenants.

The likely impacts of this amendment included:

- specifying that for a liability to be classed as non-current, the right to defer settlement must exist at the end of the reporting period;
- the classification as non-current is not affected by management intentions or expectations;
- clarifying the only covenants that an entity must comply with on or before the reporting period affects classification;
- additional disclosures regarding the conditionality of non-current liabilities; and
- clarifying requirements for classifying liabilities if the counterparty has the option to settle by issuing its own equity instruments.

The IAS 1 amendments clarify that only covenants an entity must comply with on or before the reporting period impact the classification of liabilities, even if covenant compliance is assessed after the reporting period.

ii. i Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The International Accounting Standards Board (IASB) has issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

iii. IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information.

The International Sustainability Standards Board (ISSB) has published IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information'. IFRS S1 sets out overall requirements with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to the primary users of general purpose financial reports in making decisions relating to providing resources to the entity. IFRS S1 is effective for annual reporting periods beginning on or after 1 January 2024.

Notes to the financial statements

IFRS S1 sets out the requirements for disclosing information about an entity’s sustainability-related risks and opportunities. In particular, an entity is required to provide disclosures about:

- the governance processes, controls and procedures the entity uses to monitor, manage and oversee sustainability-related risks and opportunities;
- the entity’s strategy for managing sustainability-related risks and opportunities;
- the processes the entity uses to identify, assess, priorities and monitor sustainability-related risks and opportunities; and
- the entity’s performance in relation to sustainability-related risks and opportunities, including progress towards any targets the entity has set or is required to meet by law or regulation.

iv. IFRS S2 Climate-related Disclosures

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

The objective of IFRS S2 is to require an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. [IFRS S2:1] These are climate-related risks and opportunities that could reasonably be expected to affect the entity’s cash flows, its access to finance or cost of capital over the short, medium or long term. [IFRS S2:2].

v. Amendments to IAS 7 and IFRS -Supplier Finance Arrangements

On May 25, 2023, the IASB issued the final amendments to IAS 7 and IFRS 7 which address the disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk.

Supplier finance arrangements are often referred to as supply chain finance, trade payables finance or reverse factoring arrangements.

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

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS accounting standards that have been issued but are not yet effective:

New standards/Amendments	Description	Effective Date
Presentation and Disclosures in Financial Statements IFRS 18	Presentation and Disclosures in Financial Statements.	1 January 2027
Lack of Exchangeability (Amendments to IAS 21)	Assessment of whether a currency is exchangeable and how to determine a spot exchange rate if it is.	1 January 2025

Notes to the Financial Statements**5 Revenue**

	31 Mar. 2024	31 Mar. 2023
	₦'000	₦'000
Premium Motor Spirit (PMS)	70,207,375	24,724,593
Automotive Gas Oil (AGO)	4,419,826	3,934,563
Aviation Turbine Kerosene (ATK)	2,277,061	1,102,019
Lubricants and Greases	2,031,655	1,009,378
Liquidified Petroleum Gas (LPG)	223,731	17,904
	79,159,648	30,788,457

Revenue is recognised at a point in time and sales are mostly made to customers in Nigeria. Information on analysis of revenue by category is shown in Note 32.

6 Other income

	31 Mar. 2024	31 Mar. 2023
	₦'000	₦'000
Rental and lease income (Note 6(a))	-	1,656
Sundry income (Note 6(b))	43,848	16,567
Gain on sale of property, plant & equipment	-	4,587
Income on storage services	241,370	-
	285,218	22,811

- a) Rental and lease income relates to income earned on assets that are on lease arrangements to third parties. Assets on lease include filling stations and related equipment (generators and dispenser pumps).
- b) Sundry income represents earnings from insurance claims recoveries, non fuel revenues, recoveries from station uniform and other miscellaneous incomes.

7 Expenses by function

	31 Mar. 2024	31 Mar. 2023
	₦'000	₦'000
Cost of sales (Note 8)	73,548,066	26,977,012
Selling and distribution expenses (Note 9)	243,973	314,096
Administrative expenses (Note 10)	1,937,146	1,191,510
	75,729,185	28,482,618

8 Cost of sales

	31 Mar. 2024	31 Mar. 2023
	₦'000	₦'000
Premium Motor Spirit (PMS)	64,823,756	21,112,043
Automotive Gas Oil (AGO)	4,233,264	3,693,729
Aviation Turbine Kerosene (ATK)	1,879,478	1,038,036
Lubricants and greases	1,887,958	895,668
Liquidified Petroleum Gas (LPG)	208,798	15,593
Freight expense	514,812	221,943
	73,548,066	26,977,012

9 Selling and distribution expenses

	31 Mar. 2024	31 Mar. 2023
	₦'000	₦'000
Rental of service stations, buildings and equipment	116,628	57,931
Advertising-Selling & Distribution	6,398	-
Station running expenses	11,168	9,756
Amortization expenses on Right of use Assets (Note 29)	104,648	134,574
Other selling and Distribution expenses	5,131	111,835
	243,973	314,096

Notes to the Financial Statements**10 (a) Administration expenses**

	31 Mar. 2024	31 Mar. 2023
	₦'000	₦'000
Depreciation (Note 15(a))	193,539	160,996
Amortization of intangible assets (Note 16)	21,003	5,263
Fuel expenses for Office Generators & other admin use	257,916	100,256
Consultancy expense	43,967	19,798
Maintenance expense	23,729	170,129
Advertising expenses(Newspaper & Publications)	1,233	756
Management fees (Note 31 (c))	461,684	115,667
Directors' remuneration (Note 12(b)(iv))	6,490	7,095
Employee benefit expense (Note 12 (b)(i))	195,982	136,525
Bank Charges	26,656	34,379
Auditor's remuneration (Note 10(a))	13,977	11,775
Local and international travel	7,606	16,856
Office expenses and supplies	152,837	132,123
Communication and postage	154,350	57,578
Insurance premium	83,954	39,259
Contract labour	225,431	146,363
Licenses and Levies	18,457	7,292
Utilities	4,781	3,977
Subscriptions	17,801	18,243
Board meetings and AGM expenses	990	495
Security	24,763	6,687
	1,937,146	1,191,510

(c) Sponsorships and donations are analysed as follows:

	31 Mar. 2024	31 Mar. 2023
	₦'000	₦'000
Donation towards Nigerian Navy ship Beecroft Officer Mess Tombola night.	0	-
	-	-

11 Finance income and finance costs

	31 Mar. 2024	31 Mar. 2023
	₦'000	₦'000
Finance income		
Interest income on short-term bank deposits	96,628	16,239
Total finance income	96,628	16,239
Finance cost arising from financial liabilities measured at amortised cost		
Interest expense	-	15,370
Finance costs - others		
Unwind of discount on site restoration provision	6,751	9,808
Interest on lease liability ((Note 29(iii))	26,003	13,757
Total finance costs	32,754	38,935
Net finance costs	(63,874)	22,696

Notes to the Financial Statements

a) Reconciliation of finance cost to statement of cash flows

	31 Mar. 2024	31 Mar. 2023
	₦'000	₦'000
Interest expense	-	15,370
Unwind of discount on site restoration provision	6,751	9,808
Interest on lease liability	26,003	13,757
Interest income on short-term bank deposits	(96,628)	(16,239)
Amount shown on the statement of cash flows	(63,874)	22,696

Analyzed as follows:

	31 Mar. 2024	31 Mar. 2023
	₦'000	₦'000
Interest income included in finance income (Note 11)	(96,628)	(16,239)
Finance cost shown on the Statement of Cash flows	32,754	38,935
	(63,874)	22,696

12 Profit before Taxation

a) Profit before taxation is stated after charging/(crediting):

	31 Mar. 2024	31 Mar. 2023
	₦'000	₦'000
Depreciation (Note 15)	193,539	160,996
Amortisation of intangible assets (Note 16)	21,003	5,263
Management fees (Note 31(c))	461,684	115,667
Director's remuneration (Note 12(b)(iv))	6,490	7,095
Employee benefit expense (Note 12(b)(i))	195,982	136,525
Auditor's remuneration	13,977	11,775
Loss on sale of property, plant & equipment (Note 10)	-	-
Impairment of petroleum equalization fund receivables (Note 30(a))	-	19,370
(Reversal)/Impairment of related party receivables (Note 30)	-	314,704
(Reversal)/ impairment of inventory	-	17,299
Impairment/(Reversal) of impairment on trade receivables (Note 30)	208,271	112,024
Net foreign exchange loss (Note 10)	495,057	156,925

Net foreign exchange loss is further broken down as follows:

	31 Mar. 2024	31 Mar. 2023
	₦'000	₦'000
(Gain)/loss on cash and bank balances	1,658	73,569
Loss on vendor balances	626,301	158,135
(Gain)/loss on customer balances	(132,902)	(74,778)
	495,057	156,925

b) Directors and employees

i) Employee costs during the period comprise:

	31 Mar. 2024	31 Mar. 2023
	₦'000	₦'000
Salaries and wages	161,540	112,438
Other employee benefits	18,069	12,923
Employer's pension contribution	15,312	10,351
Other long term employee benefit charge	1,060	813
	195,982	136,525

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

ii)

	Number	
	31 Mar. 2024	31 Mar. 2023
Administration	34	38
Technical and production	6	6
Operations and distribution	29	29
Sales and marketing	21	21
	90	94

Notes to the Financial Statements

Higher-paid employees of the Company and other than directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration in excess of ₦1,000,000 (excluding pension contributions) in the following ranges:

₦	Number	
	31 Mar. 2024	31 Mar. 2023
	₦'000	₦'000
1,000,001 - 2,000,000	-	-
2,000,001 - 3,000,000	-	-
3,000,001 - 4,000,000	-	1
4,000,001 - 5,000,000	-	15
5,000,001 - 6,000,000	1	7
6,000,001 - 7,000,000	9	15
7,000,001 - 8,000,000	9	15
8,000,001 - 9,000,000	3	11
9,000,001 - 10,000,000	3	6
10,000,001 - Above	65	24
	90	94

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

	31 Mar. 2024	31 Mar. 2023
	₦'000	₦'000
Fees	5,500	5,500
Other emoluments	990	1,595
	6,490	7,095
The directors' remuneration shown above includes:		
Chairman	-	-
Highest paid director	1,815	1,815

The remunerations of three (3) directors in the range of NGN 7million and above(as shown below) are paid at the group level while other directors received emoluments in the following ranges:

	Number	
	31 Mar. 2024	31 Mar. 2023
Nil	-	-
1,000,001 - 2,000,000	4	4
2,000,001 - 3,000,000	-	-
3,000,001 - 4,000,000	-	-
4,000,001 - 5,000,000	-	-
5,000,001 - 6,000,000	-	-
6,000,001 - 7,000,000	-	-
7,000,001 - above	3	3
	7	7

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

a) Basic EPS

	31 Mar. 2024	31 Mar. 2023
Earnings for the period attributable to shareholders (N'000)	1,990,427	1,475,130
Weighted average number of ordinary shares in issue (Unit'000)	342,885	342,885
Basic earnings per share	5.80	4.30

b) Diluted Earnings per share

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

c) Dividend declared per share

No dividend was declared during the period, in 2023, the board proposed a dividend of N2.36K on 342,884,706 ordinary shares of 50 kobo each, being the ordinary shares in issue at the the end of the period (2023: 342,884,706)

Notes to the Financial Statements

14 Taxation

a) Applicability of the Finance Act, 2023

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

- bi) The Company has applied the provisions of the Companies Income Tax Act that mandates a minimum tax assessment, where a qualifying taxpayer does not have a taxable profit which would generate an eventual tax liability when assessed to tax.
- ii) The tax charge for the period has been computed after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes, and comprises:

Amounts recognized in profit or loss

	31 Mar. 2024	31 Mar. 2023
	₦'000	₦'000
Current tax expense:		
Income tax	918,672	369,620
Tertiary education tax	112,191	90,387
NASENI	7,684	7,519
Nigeria Police Trust Fund	154	150
Changes in estimate related to prior periods	-	-
	1,038,701	467,677
Deferred tax (credit)/expense:		
Origination and reversal of temporary differences	47,100	-
Income tax expense/(credit)	1,085,801	467,677

c) Reconciliation of effective tax rates

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

	31 Mar. 2024	31 Mar. 2023	31 Mar. 2024	31 Mar. 2023
	%	%	₦'000	₦'000
Profit before tax			3,076,228	1,942,807
Income tax using the statutory tax rate	30.00	30.00	922,868	582,842
Impact of tertiary education tax	3.00	2.50	92,287	48,570
Impact of (NASENI)	0.25	0.25	7,691	4,857
Impact of minimum tax	0.50	0.50	15,381	9,714
Impact of Police Trust Fund	0.01	0.01	154	97
Effect of tax incentives	(9.96)	(20.75)	(306,272)	(403,186)
Non deductible expenses	11.53	11.57	354,689	224,782
Difference in CIT rate and TET rate	-	2.59	-	-
Other differences			(996)	-
Total income tax expense in income statement			1,085,801	467,677

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

d) Movement in current tax liability

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Balance at beginning of the period	1,919,638	917,999
Payments during the period	-	(201,130)
Current tax	1,038,701	1,869,054
Withholding tax credit notes utilized (Note 18)	-	(702,165)
Changes in estimate related to prior periods	-	35,880
	2,958,339	1,919,638

Notes to the Financial Statements

e) Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
	31 Mar. 2024	31 Dec. 2023	31 Mar. 2024	31 Dec. 2023	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	-	-	1,666,364	1,633,409	1,666,364	1,633,409
Employee benefits	-	-	-	-	-	-
Trade receivables	(953,643)	(884,862)	-	-	(953,643)	(884,862)
Inventories	(246)	(246)	-	-	(246)	(246)
Unrealized exchange loss	(34,692)	(172,820)	-	-	(34,692)	(172,820)
Intangible Asset	(116,882)	(16,379)	-	-	(116,882)	(16,379)
Provisions - ARO	(2,228)	(47,529)	-	-	(2,228)	(47,529)
Loss on ROU	-	-	-	-	-	-
	(1,107,691)	(1,121,837)	1,666,364	1,633,409	558,672	511,572

f) Movement in temporary differences during the period

	1-Jan-23	Recognised in Profit or loss	31-Dec-23	Recognised in Profit or loss	31-Mar-24
	₦'000	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	1,449,372	184,037	1,633,409	32,955	1,666,364
Trade receivables	(918,124)	33,262	(884,862)	(68,781)	(953,643)
Inventories	-	(246)	(246)	-	(246)
Provisions - ARO	-	(47,529)	(47,529)	45,301	(2,228)
Unrealized exchange loss	(152,567)	(20,253)	(172,820)	138,128	(34,692)
Intangible Assets	-	(16,379)	(16,379)	(100,503)	(116,882)
Loss on Right of Use Assets	101,976	(101,976)	-	-	-
	480,657	30,915	511,572	47,100	558,672

Notes to the Financial Statements

15 Property, Plant and Equipment

a) The movement on these accounts was as follows:

	Freehold Land	Building	Plant & Machinery	Automotive Equipment	Computer & Office Equipment	Furniture & Fittings	Capital Work in Progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost:								
Balance at 1st January 2023	7,827,120	6,498,986	10,470,695	1,439,018	991,020	245,722	939,442	28,412,002
Additions	151,767	543,940	676,901	12,000	655,686	24,329	3,093,191	5,157,813
Disposals	-	-	(102,039)	(30,188)	(4,778)	(4,156)	-	(141,162)
Balance as at 31st December 2023	7,978,887	7,042,926	11,045,557	1,420,830	1,641,927	265,894	4,032,633	33,428,654
Balance at 1st January 2024	7,978,887	7,042,925	11,045,557	1,420,830	1,641,927	265,894	4,032,633	33,428,654
Additions	-	260,681	188,711	-	49,147	-	1,989,879	2,488,418
Balance as at 31 March 2024	7,978,887	7,303,606	11,234,268	1,420,830	1,691,074	265,894	6,022,512	35,917,072
Balance as at 1st January 2023	-	2,777,811	8,622,929	980,053	853,950	199,303	-	13,434,046
Charge for the year	-	257,007	249,318	55,960	123,080	15,231	-	700,597
Disposal	-	-	(90,512)	(28,678)	(3,655)	(3,983)	-	(126,827)
Balance as at 31st December 2023	-	3,034,818	8,781,735	1,007,335	973,376	210,551	-	14,007,815
Accumulated depreciation and impairment								
Balance at 1st January 2024	-	3,034,818	8,781,735	1,007,335	973,376	210,551	-	14,007,815
Charge for the year	-	68,218	68,050	13,032	40,300	3,941	-	193,540
Balance as at 31 March 2024	-	3,103,036	8,849,785	1,020,367	1,013,676	214,492	-	14,201,356
Carrying amounts								
Balance as at 31 March 2024	7,978,887	4,200,571	2,384,482	400,463	677,398	51,402	6,022,512	21,715,715
Balance as at 31st December 2023	7,978,887	4,008,107	2,263,821	413,495	668,551	55,343	4,032,633	19,420,838

15 (b) Capital work in progress:

The capital expenditure relates to funds committed to the improvement of our retail stations and other revenue generating unit, including solarization projects (i.e. deployment of solar power solutions to our retail station as alternative energy source) that is yet to be completed.

Notes to the Financial Statements

16 Intangible assets

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

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Cost		
Balance as at 1 January	560,989	283,560
Additions	-	277,429
Balance	560,989	560,989
Accumulated amortisation		
Balance as at 1 January	333,186	283,553
Charge for the period (Note 10)	21,003	49,633
Balance	354,189	333,186
Carrying amount	206,800	227,803

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

17 Trade and other receivables

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Trade receivables (Note 17(a))	1,144,292	1,294,559
Bridging claims (Note 17(b))	7,379,051	7,379,050
DMO holdback (Note 17(c))	1,633,602	1,600,000
Receivables from related parties (Note 17(d))	1,137,445	1,041,701
Employee receivables	43,045	36,889
Due from joint arrangement partners (Note 17(g))	61,182	46,467
Receivables from Registrar (Note 17(e))	20,839	21,717
Sundry receivables	5,382	43,438
Total financial assets	11,424,838	11,463,821
Non financial assets		
Advances paid to suppliers (Note 17(f))	2,823	9,285,659
	11,427,661	20,749,480

a) Trade receivables

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Gross trade receivables	3,363,548	3,305,544
Impairment allowance (Note 30(a)(iv))	(2,219,256)	(2,010,985)
Net trade receivables	1,144,292	1,294,559

b) Bridging Claims

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Gross bridging claims	8,045,013	8,045,012
Impairment allowance (Note 30(a)(iv))	(665,962)	(665,962)
Net bridging claims	7,379,051	7,379,050

Bridging claims relate to reimbursables from Nigeria Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) for the costs incurred on transportation of Petroleum Motor Spirit (PMS) from supply points to the retail stations.

Notes to the Financial Statements

c) DMO Holdback

DMO holdback is comprised of:

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Amount set aside for liabilities owed to government agencies	-	-
Amount set aside for liabilities owed to financial institutions	1,600,000	1,600,000
	<u>1,600,000</u>	<u>1,600,000</u>

In the 2018 financial period, prior to the settlement of outstanding PSF receivables to the company, the Debt Management Office (DMO), held back the amounts owed to financial institutions by the Company for direct settlement of those liabilities. The amount held back in respect of financial institutions was based on court orders issued by the Federal High Court in Abuja requiring that the amount be withheld by the DMO for direct settlement to the affected financial institutions and agencies. These liabilities relate to financing provided by those financial institutions to the Company for product importation in previous periods. This amount is receivable in 2024 consequent upon finalization and settlement of liability. The relevant liabilities in respect of government agencies and financial institutions are included in short term borrowings (See Note 26). The DMO holdback is reduced by actual settlements by the DMO to the respective institutions.

d) Due from related parties

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Gross receivable from related parties (Note 31 (e))	1,141,897	1,046,154
Impairment	(4,453)	(4,453)
Balance	<u>1,137,444</u>	<u>1,041,701</u>

The Company's exposure to credit risk and currency risks related to trade and other receivables are disclosed in Note 30(a).

e) Receivables from Registrar

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Balance at 1st January	21,717	23,971
Payments	(878)	(2,254)
Balance	<u>20,839</u>	<u>21,717</u>

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

f) Advances paid to suppliers

This relates to payments made to Nigeria National Petroleum Corporation Limited (NNPCL) for the supply of petroleum product as at the end of the period.

g) Due from joint arrangement partners

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Balance at 1st January	46,467	18,252
Movement	14,715	28,215
Balance	<u>61,182</u>	<u>46,467</u>

Notes to the Financial Statements

18 Withholding tax receivables

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

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Balance at 1st January	40,960	11,239
Additions	4,281	731,887
Withholding tax credit note utilised (Note 14(d))	-	(702,165)
Balance	45,241	40,960

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

19 Inventories

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Premium Motor Spirit (PMS)	5,211,807	4,110,800
Automotive Gas Oil (AGO)	632,711	1,554,730
Aviation Turbine Kerosene (ATK)	1,310,603	881,031
Lubricants and greases	1,465,729	1,051,692
Liquidified Petroleum Gas (LPG)	120,250	16,933
Low Pour Fuel Oil (LPFO)	4,119	4,119
Packaging materials and other sundry items	4,903	12,126
	8,750,122	7,631,431

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Gross inventory	8,750,867	7,632,176
Inventory write down (Note 19 (a))	(745)	(745)
Net inventory	8,750,122	7,631,431

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

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Balance at 1 January	(745)	(111,356)
Net movement of inventory write down	-	110,611
Balance	(745)	(745)

20 Cash and cash equivalents

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Cash at bank and on hand	5,093,394	5,570,323
Short term deposits with banks	5,930,673	337,210
Cash and cash equivalents in the statement of financial position	11,024,067	5,907,533
Bank overdrafts used for cash management purposes (Note 26)	-	-
Cash and cash equivalents in the statement of cash flows	11,024,067	5,907,533

The Company's exposure to credit risk and currency risks are disclosed in Note 30 (a).

Notes to the Financial Statements

21 Equity

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
a) Issued and fully paid:		
At 1 January, 304,786,406 ordinary shares of 50k each	171,442	171,442
Bonus issue of 38,098,301 shares of 50k each	-	-
Issued and fully allotted:	<u>171,442</u>	<u>171,442</u>

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

b) Retained earnings

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Balance at 1 January	22,439,789	18,328,004
Profit for the period	1,990,427	4,048,758
Statute barred dividend written back	-	63,028
Value of bonus shares issue	-	-
Balance	<u>24,430,216</u>	<u>22,439,789</u>

22 Employee benefit obligations

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

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Other long term employee benefits	9,326	8,523
Total employee benefit liabilities	<u>9,326</u>	<u>8,523</u>

(b) Other long term employee benefits comprise long service awards and it is funded on a pay-as-you-go basis by the Company. The provision was based on an independent actuarial valuation performed by Henre Prinsloo FRC/2018/NAS/00000018473, of QED Actuaries Nigeria Limited FRC/2018/00000012293. The method of valuation used is the projected unit credit method and the last valuation was as at 31 December 2023.

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

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Balance as at 1st January	8,523	9,085
<i>Included in profit or loss:</i>		
Current service cost/Provision	804	2,171
Past service (income)/cost	-	(3,798)
Interest cost	-	1,542
Remeasurement Loss/(gains)	-	(477)
<i>Net charge to profit or loss</i>	<u>804</u>	<u>(562)</u>
Benefits paid by the employer	-	-
Balance	<u>9,326</u>	<u>8,523</u>

Notes to the Financial Statements

(d) Actuarial Assumptions

Key actuarial assumptions relating to measurements of employee benefit obligations involves estimates and assumptions, but is not considered to have a risk of material adjustment for the period ending 31 December 2023 as the balance is not material to the financial statements

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

	31 Mar. 2024	31 Dec. 2023
	%	%
Long-term average discount rate (p.a.)	14.8%	14.8%
Future average pay increase (p.a.)	12.0%	12.0%
Average Duration in periods (Long Service Awards)	10	10

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

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

Mortality in Service	No of deaths in period out of 10,000 lives	
	31 Mar. 2024	31 Dec. 2023
Sample age	%	%
25	13.2	13.2
30	12.0	12.0
35	9.0	9.0
40	6.0	6.0
45	5	5

Withdrawal from Service	Rates	
	31 Mar. 2024	31 Dec. 2023
Age Band	%	%
≤ 34	3	3
34-44	5	5
45-55	3	3
56-59	2	2
60	100	100

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

Sensitivity Analysis

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

Mortality in Service		Long Service Award
Sample age	%	₦'000
Discount rate	-1%	8,076
	+1%	9,012
Salary increase rate	-1%	9,054
	+1%	8,031
Mortality rate - Age rated down by 1 period	-1%	8,499
Age rated up by 1 period	+1%	8,545

23 Contract Liabilities

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
At 1 January	(5,835,729)	(2,221,108.69)
Amount recognised as revenue during the period	5,483,006	1,973,488.61
Advance received from customers during the period	(5,838,846)	(5,588,109)
Closing	(6,191,569)	(5,835,729)

Notes to the Financial Statements

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

The Company's exposure to liquidity risk and currency risks are disclosed in Note 30(b).

24 Dividends

(a) Declared dividends

No dividend was declared during the period (2023: N2.36k per share was proposed)

(b) Dividend payable

	31 Mar. 2024	31 Dec. 2023
	N'000	N'000
At January	104,569	169,851
Payments	(878)	(2,254)
Unclaimed dividend written back to retained earnings (see 24(d))	-	(63,028)
At Closing	103,691	104,569

- (c) Included in the dividend payable balance at period end is an amount of NGN 20.8 million (2023: NGN21.72 million), which is held with the Company's registrar, First Registrars and Investor Services Limited. The dividend payable as at period end does not attract interest.
- (d) The dividend was invested in an interest bearing account and included in the short term deposit (Note 20) in line with law.

25 Trade and other payables

	31 Mar. 2024	31 Dec. 2023
	N'000	N'000
Trade payables (Note 25(a))	1,619,076	4,842,421
Accrued expenses	687,143	660,909
Amounts due to joint arrangement partners (Note 25(b))	155,125	153,377
Bridging allowance (Note 25(c))	6,250,144	6,250,144
Amounts due to related parties (Note 31(e))	6,911,740	7,761,059
<i>Total financial liabilities</i>	<i>15,623,228</i>	<i>19,667,910</i>
<i>Non financial liabilities</i>		
Statutory deductions (Note 25(d))	101,863	176,664
Security deposits (Note 25(e))	1,844,985	1,885,598
	1,946,848	2,062,262
	17,570,076	21,730,172

- (a) Included in trade payables is an amount of NGN990.5million, due to one of the Company's vendors which bears interest on expiration of credit policy granted to the Company. There was no interest charged on this during the period (Note 11(a)).
- (b) Amount relates to cash received from other parties of the Joint Aviation Facility for the running of the facility by the Company.
- (c) Bridging allowance represents amount due to the Petroleum Equalisation Fund Management Board now Nigeria Midstream and Downstream Petroleum Regulatory Authority as contribution to the Fund . It is charged on every litre of product lifted from Pipelines and Product Marketing Company. Effective 1st of June 2023, Federal government announced the discontinuation of fuel subsidy regime which has also stopped the accumulation of bridging allowance. However, there is unpaid balance in the book which is subject to reconciliation and offset against the bridging claims (Note 17b).
- (d) This represents statutory deductions which are mandated by law or statute. They include Value Added Tax (VAT), Withholding Tax (WHT) liabilities and Pay-As-You-Earn (PAYE) liabilities, which are to be remitted to the relevant tax authorities.
- (e) These are collateral deposits paid by dealers who maintain credit facilities with the Company. These amounts are set-off against trade receivables from these dealers on a periodic basis to cater for probable losses from sales to customers. See Notes 30(a,iv). These deposits do not bear interest and are refundable to the dealers at anytime they or the Company terminates the business arrangements in the event that the amount is in excess of the outstanding receivable.

Notes to the Financial Statements

26 Short term borrowings

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Bank borrowing (Import Finance and other short term facilities)	1,411,105	1,411,105
Total Borrowings	1,411,105	1,411,105

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

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Balance as at 1 January	1,411,105	1,411,105
Additions		235,548,091
Repayments	-	(235,548,091)
Balance (Note 17c)	1,411,105	1,411,105

- a) The interest expense incurred in the period relating to overdraft and short-term borrowing is Nil (2022:NGN42.89 million).
The Company's exposure to liquidity risk and currency risks are disclosed in Note 30(b) and 30(c) respectively.

27 Prepayments

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Other Prepayments-Rent, Insurances & others	370,402	188,665
	370,402	188,665

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Non-current portion	-	-
Current portion	370,402	188,665
	370,402	188,665

Movement in prepayment

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Balance as at 1st January	188,665	149,123
Addition	303,476	440,071
Release to profit or loss	(121,739)	(400,529)
Balance	370,402	188,665

Notes to the Financial Statements

28 Provisions

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Balance at 1st January	144,028	224,179
Decommissioning provisions made during the period on existing leases	6,751	39,564
On newly onboard leases	-	8,553
Changes in estimate	-	(127,449)
Reversal on decommissioning provision on terminated leases	-	(819)
Balance	150,779	144,028
Non-current-Asset Retirement Obligation	150,779	144,028
	150,779	144,028

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Asset Retirement Obligation	150,779	144,028
	150,779	144,028

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

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

29 Lease Liabilities

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

Information about leases for which the Company is a lessee is presented below:

i Right of use assets

Right of use assets related to leased land that do not meet the definition of investment property are presented as property, plant and equipment.

	Leasehold land	
	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Cost		
Cost as at 1 January	1,157,018	1,220,333
Cash additions	36,000	107,500
Other Additions	-	30,921
Changes in estimate	-	(127,449)
Lease terminated	-	(74,287)
Closing	1,193,018	1,157,018
Allowance for depreciation		
Balance at 1st January	492,439	382,302
Charge for the period	104,648	135,940
Depreciation on lease cancelled	-	(25,803)
Balance	597,087	492,439
Carrying Amount as at the period end	595,931	664,579

Notes to the Financial Statements

- a. Amortization charge (as stated above) is included in selling and distribution expenses in the statement of profit or loss, because our retail stations are revenue generating unit.
- b. The Company has leases for some of its retail outlets, with the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset. The average lease term is ten periods (2021: ten periods).

ii Amounts recognised in profit or loss

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Depreciation expense on right-of-use assets (Note 9)	104,648	135,940
Interest expense on lease liabilities (Note 11)	26,003	53,680

iii Lease liability

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Balance at 1st January	554,721	524,257
Interest on lease liability	26,003	53,680
Additions to lease liability	-	43,868
Lease liability terminated	-	(26,584)
Interest Reversal on terminated leases	-	-
Lease Payments	-	(40,500)
Balance as at period end	580,724	554,721

The Company's exposure to liquidity risk is disclosed in Note 30

The timing of the lease liabilities is as follows:

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Current	472,568	472,568
Non Current	108,156	82,153
	580,724	554,721

Maturity Analysis of lease liabilities

	Amount	Amount
	₦'000	₦'000
period 1	465,887	472,568
period 2	23,060	67,877
period 3 and above	91,777	14,276
	580,724	554,721

Extension options:

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

30 Financial Risk Management & Financial Instruments

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

- Credit risk
- Liquidity risk
- Market risk

Notes to the Financial Statements

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

Risk management framework

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

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

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

Notes to the Financial Statements

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

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

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Impairment loss/(Reversal) on trade receivables Note 30(a)(iv)	208,271	527,189
Impairment of Petroleum Equalization Fund receivables (Note 30(a)(iv))	-	19,370
(Reversal)/Impairment loss on related party receivables (Note 30(a)(iv))	-	(354,604)
	208,271	191,955

(i) Maximum credit exposure

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

	31 Mar. 2024			31 Dec. 2023		
	Gross	Impairment	Net	Gross	Impairment	Net
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Trade receivables	3,363,548	(2,219,256)	1,144,292	3,305,544	(2,010,985)	1,294,559
Due from related parties	1,141,897	(4,453)	1,137,444	1,046,154	(4,453)	1,041,701
Due from regulators (Government entities) :						
Petroleum Equalisation Fund (PEF)	8,045,013	(665,962)	7,379,051	8,045,012	(665,962)	7,379,050
DMO holdback	1,600,000	-	1,600,000	1,600,000	-	1,600,000
- Other receivables	130,448	-	130,448	148,511	-	148,511
Cash and cash equivalent	11,024,067	-	11,024,067	5,907,533	-	5,907,533
	25,304,973	(2,889,671)	22,415,303	20,052,754	(2,681,400)	17,371,354

(ii) Trade and other receivables

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

The risk management committee has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's credit assessment process includes collecting cash deposits from customers. These contract liabilities and security deposits are non interest bearing and refundable, net of any outstanding amounts (if any) upon termination of the business relationship and are classified as current liability (Notes 23 and 25). Credit limits are established for qualifying customers and these limits are reviewed regularly by the Credit Committee. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

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

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

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

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

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

At 31 March 2024, the exposure to credit risk for trade receivables and contract assets by type of counterparty was as follows.

Notes to the Financial Statements

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Retail customers	1,121,871	1,395,374
Commercial and industrial	1,528,288	1,168,285
Aviation	710,724	741,884
	<u>3,360,883</u>	<u>3,305,544</u>

(iii) Expected credit loss assessment as at 31 March 2024

Expected credit loss assessment for government and related party receivables at 31 March 2024

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

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

Expected credit loss assessment for trade receivables at 31 March 2024

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

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 March 2024.

Retail Customers* 31 March 2024	Weighted average loss rate	Gross carrying amount	Loss allowance	
In thousand of Naira	%	₦'000	₦'000	
*Not past due nor impaired	0.00%	788,263	-	
Current (not past due)	44.24%	-	-	
1–30 days past due	45.70%	-	-	
31–60 days past due	46.42%	-	-	
61–180 days past due	48.22%	-	-	
181–365 days past due	51.71%	-	-	
More than 365 days past due	100.00%	333,608	333,608	
		<u>1,121,871</u>	<u>333,608</u>	

* This has been adjusted with Contract liabilities and security deposits. (See Note 23 & Note 25).

Retail Customers* 31 December 2023	Weighted average loss rate	Gross carrying amount	Loss allowance	
In thousand of Naira	%	₦'000	₦'000	
*Not past due nor impaired	0.00%	1,008,406	-	
Current (not past due)	96.08%	17	16	
1–30 days past due	98.67%	66	65	
31–60 days past due	100.00%	-	-	
61–180 days past due	100.00%	3,575	3,575	
181–365 days past due	100.00%	24,918	24,918	
More than 365 days past due	100.00%	358,394	358,394	
		<u>1,395,374</u>	<u>386,967</u>	

Commercial/Industries Customers 31 March 2024	Weighted average loss rate	Gross carrying amount	Loss allowance	
In thousand of Naira	%	₦'000	₦'000	
*Not past due nor impaired	0.00%	56,813	-	
Current (not past due)	66.95%	329,445	220,570	
1–30 days past due	63.57%	122,634	77,960	
31–60 days past due	67.25%	50,156	33,732	
61–180 days past due	61.11%	155,094	94,773	
181–365 days past due	56.26%	71	40	
More than 365 days past due	100.00%	814,075	814,075	
		<u>1,528,288</u>	<u>1,241,150</u>	

Notes to the Financial Statements

Commercial/Industries Customers 31 December 2023		Weighted average loss rate	Gross carrying amount	Loss allowance	
In thousand of Naira		%	₦'000	₦'000	
*Not past due nor impaired		0.00%	170,701	-	
Current (not past due)		0.00%	-	-	
1–30 days past due		90.48%	135,599	122,689	
31–60 days past due		97.18%	242,588	235,737	
61–180 days past due		99.69%	11,659	11,626	
181–365 days past due		99.69%	15,185	15,137	
More than 365 days past due		100.00%	592,554	592,554	
			1,168,285	977,743	

Aviation customers 31 March 2024		Weighted average loss rate	Gross carrying amount	Loss allowance	
In thousand of Naira		%	₦'000	₦'000	
*Not past due nor impaired		0.00%	65,924	-	
Current (not past due)		55.05%	323	178	
1–30 days past due		56.02%	-	-	
31–60 days past due		56.02%	-	-	
61–180 days past due		56.02%	-	-	
181–365 days past due		56.23%	-	-	
More than 365 days past due		100.00%	644,477	644,477	
			710,724	644,655	

Aviation customers 31 December 2023		Weighted average loss rate	Gross carrying amount	Loss allowance	
In thousand of Naira		%	₦'000	₦'000	
*Not past due nor impaired		0.00%	95,573	-	
Current (not past due)		93.76%	1,763	1,728	
1–30 days past due		100.00%	-	-	
31–60 days past due		100.00%	-	-	
61–180 days past due		100.00%	-	-	
181–365 days past due		100.00%	0	0	
More than 365 days past due		100.00%	644,548	644,548	
			741,884	646,276	

* Not past due nor impaired represent the receivables with security deposit or bank guaranty and therefore were not considered for impairment.

Loss rates are based on actual credit loss experience over the past two to three years. These rates are adjusted to reflect economic conditions for the year over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables (forward looking information). Forward looking information is re-evaluated at every reporting date.

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

Notes to the Financial Statements

iv) Movements in the allowance for impairment of financial assets

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

	Balance 1-Jan-2023	Net remeasurement of loss allowance	Balance 31-Dec-2023	Recognised in profit or loss	Balance 31- Mar-2024
	₦'000	₦'000	₦'000	₦'000	₦'000
Trade receivables	1,483,796	527,189	2,010,985	208,271	2,219,256
PEF receivables	646,593	19,370	665,963	-	665,963
Related party receivables	359,057	(354,604)	4,453	-	4,453
Total	2,489,447	191,955	2,681,401	208,271	2,889,672

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

v) Due from Government entities

This relates to amounts receivable from PEF with respect to bridging claims.

Determination of amounts due are based on existing regulations/guidelines and impairment is only recognized when changes occur in the regulations that prohibit or limit recovery of previously recognized amounts. For bridging claims amounting to ₦7.43billion (Dec 2023: ₦7.43 billion) recognized as receivable (Note 17), possibilities exist depending on negotiations that settlement will occur via a set off to the extent of bridging allowances amounting to ₦6.25billion (Dec 2023: ₦6.25billion) recorded as a liability (Note 25). However, as the right of set off does not exist, the amounts have been presented gross in these financial statements.

vi) Due from related parties

The Company has transactions with its parent and other related parties by virtue of being members of the MRS Group. Payment terms are usually not established for transactions within the Group companies and amounts receivable from members of the Group are contractually settled on a net basis. Related party receivable balances were assessed for impairment in accordance with IFRS 9. See Note 30(a)(iv)).

vii) Other receivables

Other receivables includes employee receivables and other sundry receivables. The Company reviews the balances due from this category on a yearly basis taking into consideration functions such as continued business/employment relationship and ability to offset amounts against transactions due to these parties. Where such does not exist, the amounts are impaired. There were no impairment loss recognised in this category of receivables during the year. (Dec 2023: Nil).

viii) Cash and cash equivalents

The Company held cash and cash equivalents of ₦11.02 billion as at 31 March 2024 (Dec 2023: ₦5.91 billion), which represents its maximum credit exposure on these assets. The credit risk on this is not significant as cash and cash equivalent reside with banks that have good credit ratings issued by reputable international rating agencies.

(b) Liquidity risk

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

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

Notes to the Financial Statements

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

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

	Notes	Carrying amount	Contractual cash flows	6 months or less
		₦'000	₦'000	₦'000
Non-derivative financial liabilities				
31 March 2024				
Other short-term borrowings	26	1,411,105	1,411,105	1,411,105
Dividend payable	24(b)	103,691	103,691	103,691
Trade and other payables	25	15,623,228	15,623,228	15,623,228
Lease Liability	29	580,724	580,724	580,724
		17,718,748	17,718,748	17,718,748
31 December 2023				
Overdraft and other short-term borrowings	26	1,411,105	1,411,105	1,411,105
Dividend payable	24(b)	104,569	104,569	104,569
Trade and other payables	25	19,667,910	19,667,910	19,667,910
Lease Liability	29	554,721	554,721	554,721
		21,738,305	21,738,305	21,738,305

c) Market risk

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

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

Currency risk

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

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

Notes to the Financial Statements

Exposure to currency risk

The Company's transactional exposure to currency risk was based on notional amounts as follows:

	31 Mar. 2024	31 Dec. 2023
<i>In thousands</i>	₦'000	₦'000
Financial assets		
<i>Trade and other receivables</i>		
USD	576	238
<i>Cash and cash equivalents</i>		
USD	117	25
Financial liabilities		
Short- term borrowings		
USD	-	-
<i>Trade and other payables</i>		
USD	(1,363)	(1,167)
Net statement of financial position exposure		
USD	(670)	(904)

The following significant exchange rates were applied during the year

	Average rate		Reporting date spot rate	
	31 March 2024	31 Dec. 2023	31 March 2024	31 Dec. 2023
	₦	₦	₦	₦
US Dollar	1330.26	430.95	1329.76	898.89

Interest rate risk profile

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

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

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Fixed rate instruments		
Bank overdraft and borrowings	1,411,105	1,411,105
Trade payables*	1,287,717	2,577,396

Notes to the Financial Statements

*Included in trade payables is an amount of ₦990.5 million (Dec 2023: NGN990.5 million), due to one of the Company's vendors which bears interest on expiration of credit policy granted to the Company.

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

d) Capital risk management

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

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

	31 Mar. 2024	31 Dec. 2023
	₦'000	₦'000
Total borrowings (Note 26)	1,411,105	1,411,105
Less: Cash and cash equivalents (Note 20)	(11,024,067)	(5,907,533)
Adjusted net debt	(9,612,962)	(4,496,428)
Total equity	24,601,658	22,611,232
Total capital employed	14,988,696	18,114,804
Adjusted net debt to equity ratio	(0.391)	(0.199)

There were no significant changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

e) Fair value disclosures

Accounting classification and fair value

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

The Company's financial instruments are categorised as follows:

	Carrying amount		
	Financial assets at amortised cost	Other financial liabilities	Total
	₦'000	₦'000	₦'000
31 March 2024			
Financial assets not measured at fair value			
Trade and other receivables (Note 17)	11,424,838	-	11,424,838
Cash and cash equivalents (Note 20)	11,024,067	-	11,024,067
	22,448,905	-	22,448,905
Financial liabilities not measured at fair value			
Short term borrowings (Note 26)	-	1,411,105	1,411,105
Trade and other payables (Note 25)	-	15,623,228	15,623,228
Dividend payable (Note 24)	-	103,691	103,691
	-	17,138,024	17,138,024

Notes to the Financial Statements

31 December 2023

Financial assets not measured at fair value

Trade and other receivables (Note 17)

Cash and cash equivalents (Note 20)

Financial liabilities not measured at fair value

Short term borrowings (Note 26)

Trade and other payables (Note 25)

Dividend payable (Note 26)

	Carrying amount		
	Financial assets at amortised cost	Other financial liabilities	Total
	₦'000	₦'000	₦'000
Trade and other receivables (Note 17)	11,463,821	-	11,463,821
Cash and cash equivalents (Note 20)	5,907,533	-	5,907,533
	17,371,354	-	17,371,354
Short term borrowings (Note 26)	-	1,411,105	1,411,105
Trade and other payables (Note 25)	-	19,667,910	19,667,910
Dividend payable (Note 26)	-	103,691	103,691
	-	21,182,706	21,182,706

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

Notes to the Financial Statements

31 Related party transactions

(i) Parent and ultimate controlling entity

As at the period ended 31 March 2024, MRS Africa Holdings Limited (incorporated in Bermuda) owned 60% of the issued share capital of MRS Oil Nigeria Plc. MRS Africa Holdings Limited is a subsidiary of Corlay Global SA. The ultimate holding company is Corlay Global SA incorporated in Panama.

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

(a) MRS Oil and Gas Limited (MOG)

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

Nature of transactions	31 Mar. 2024	31 Dec. 2022
	₦'000	₦'000
Sales of goods	-	1,080,000
Staff Secondment	-	-
Product purchase	(1,158,000)	(11,476,140)
AGO Internal Consumption	(161,679)	(342,064)

In current period, the value of product stored by MRS Oil and Gas Limited for the Company amounted to ₦1.5 billion (Dec 2022: ₦935,702 thousand). The total transactions with MOG during the period was ₦1.32 billion (Dec 2023: ₦10.7 billion). The net balance due to MOG is ₦1.32 billion (Dec 2023: ₦2.32 million due to MOG)

(b) Petrowest SA (Petrowest)

MRS Africa Holdings Ltd which is a shareholder in Corlay Global S.A, the ultimate parent of MRS Oil Nigeria Plc; holds an indirect interest of 45% in Petrowest (through MOG). The net balance due to Petrowest was ₦3.6 billion (Dec 2023: ₦3.6 billion)

There was no transaction with Petrowest SA during the period.

(c) MRS Holdings Limited

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

Nature of transactions	31 Mar. 2024	31 Dec. 2022
	₦'000	₦'000
Management fees	(461,684)	(115,667)
Sale of goods	5,812	230,882

Net balance due to MRS Holdings Limited was ₦853 million (Dec 2022: ₦815 million)

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

	31 Mar. 2024	31 Dec. 2022
	₦'000	₦'000
MRS Benin S. A.	200,821	135,751
Corlay Togo S. A.	33,015	24,944
Corlay Benin S. A	28,091	20,891
Corlay Cote D'Ivoire	(336,386)	(227,391)
Corlay Cameroun S. A.	47,533	32,132
	(26,926)	(13,674)

Notes to the Financial Statements

		31 Mar. 2024	31 Dec. 2022
		₦'000	₦'000
	Nature of transactions		
Corlay Togo S. A.	Reimbursements for expenses	1,630	12
Corlay Benin S. A.	Reimbursements for expenses	3,174	10
Corlay Cote D'Ivoire	Reimbursements for expenses	2,380	5

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

All outstanding balances do not bear interest and exclude value of products stored by MRS Oil and Gas Limited for the Company which is included as part of inventories.

(e) Summary of intercompany receivables and payables:

	31 Mar. 2024		31 Dec. 2022	
	₦'000	₦'000	₦'000	₦'000
	Receivables	Payables	Receivables	Payables
MRS Oil and Gas Limited (MOG)	826,624	(2,150,649)	826,624	(3,146,971)
MRS Africa Holdings Limited	5,812	(859,426)	5,812	(821,419)
Petrowest	-	(3,565,279)	-	(3,565,279)
MRS Benin S. A.	200,821	-	135,751	-
Corlay Togo S. A.	33,015	-	24,944	-
Corlay Benin S. A.	28,091	-	20,891	-
Corlay Cote D'Ivoire	-	(336,386)	-	(227,391)
Corlay Cameroun S. A.	47,533	-	32,132	-
	1,141,897	(6,911,740)	1,046,154	(7,761,059)

All related parties balances are receivable/payable on demand

(ii) Key management personnel compensation

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

	31 March 2024	31 December 2022
	₦'000	₦'000
Short term employee benefits	6,490	15,730

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

In line with NGX - Rules Governing Transactions with Related Parties or Interested Persons, the Company has disclosed transactions with related parties which are individually or in aggregate greater than 5% of the total tangible assets. The total tangible assets amounted to ₦21.72 billion and the 5% disclosure limit is ₦1.09billion. During the period, the Company had entered into transactions above the 5% disclosure limit with MRS Oil and Gas Limited.

Notes to the Financial Statements

32 Segment reporting

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

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

The Company has identified three operating segments:

- (i) **Retail/ Commercial & Industrial** - this segment is responsible for the sale and distribution of petroleum products (refined products) to retail customers and industrial customers.
- (ii) **Aviation** - this segment involves in the sales of Aviation Turbine Kerosene (ATK).
- (iii) **Lubricants** - this segment manufactures and sells lubricants and greases.

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

Segment revenues and cost of sales

Mar-24	Revenue		Cost of sales		Gross profit		Margin
	₦'000	% of Total	₦'000	% of Total	₦'000	% of Total	
Retail/C&I	74,850,932	95%	69,719,195	95%	5,131,737	91.4%	7%
Aviation	2,277,061	3%	1,938,557	3%	338,504	6.0%	15%
Lubes	2,031,655	3%	1,890,314	3%	141,341	2.5%	7%
Total	79,159,648	100%	73,548,066	100%	5,611,582	100%	

Mar-23	Revenue		Cost of sales		Gross profit		Margin
	₦'000	% of Total	₦'000	% of Total	₦'000	% of Total	
Retail/C&I	28,677,060	93%	24,999,026	93%	3,678,034	96%	13%
Aviation	1,102,019	4%	1,052,861	4%	49,158	1%	4%
Lubes	1,009,378	3%	925,125	3%	84,253	2%	8%
Total	30,788,457	100%	26,977,012	100%	3,811,445	100%	

33 Subsequent events

There are no significant subsequent events that could have had a material effect on the financial position of the Company as at 31 March 2024 and on the profit for the period ended on that date that have not been taken into account in these financial statements.

34 Contingencies

(a) Pending litigations

There are certain lawsuits pending against the Company in various courts of law. The total contingent liabilities in respect of pending litigations as at 31 March 2024 is N7.2 billion. Per the assessment of the Company's legal team, the estimated liability is about ₦453.6 million (Dec 2023: ₦453.6million). The actions are being contested and the directors are of the opinion that no significant liability will arise from these legal cases. Also, the sum of ₦ 388.7 million (Dec 2023: ₦388.7)represents the value of law cases instituted by the company as the end of the reporting period.

(b) Financial commitments

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

35 Comparative figures

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

Reclassified from	Reclassified to	Naira N'000
Administrative Expenses- Maintenance *	Selling and distribution expenses	111,835
Admin. Expenses - Net foreign exchange loss **	Face of the SOCI	156,925

*The reclassified expenses relate to repair of equipment engaged at aviation selling terminals.

** Net foreign exchange loss is being reclassified to the face of the Statement of Comprehensive Income as the amount became material.

STATEMENT OF COMPLIANCE

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

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

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

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

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

WHISTLE BLOWING:

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

Free Float Computation

Shareholding Structure/Free Float Status

Description	31 Mar. 2024		31 December 2023	
	Unit	%	Unit	%
Issued Share Capital	342,884,706	100.00	342,884,706	100.00
Substantial Shareholdings (5% and above)				
MRS Africa Holdings Limited	205,730,807	60.0%	205,730,807	60%
First Pen Cust/Asset Management Corporation of Nigeria	35,909,818	10.47%	35,909,818	10.47%
Total Substantial Shareholdings	241,640,624	70.47%	241,640,624	70.47%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
Ms. Amina Maina	37,278	0.01%	37,278	0.01%
Sir Sunday N. Nwosu	5,914	0.00%	5,914	0.00%
Mr Mathew Akinlade	642	0.00%	642	0.00%
Total Directors' Shareholdings	43,834	0.01%	43,834	0.01%
Free Float in Units and Percentage	101,200,247	29.51%	101,200,247	29.51%
Free Float in Value	13,662,033,395.63		10,626,025,974.38	

Declaration:

(A) MRS Oil Nigeria Plc with a free float percentage of 29.51% as at 31 March 2024, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

(B) MRS Oil Nigeria Plc with a free float value of ₦13.7 billion as at 31 March 2024, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

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

We the undersigned hereby certify the following with regards to our financial report for the period ended 31 December 2023 that:

- (a) We have reviewed the Report;
- (b) To the best of our knowledge, the Report does not contain:
 - (i) Any untrue statement of a material fact, or
 - (ii) Omit to state a material fact, which would make the statements, misleading in the light of the circumstances under which such statements were made;
- (c) To the best of our knowledge, the Financial Statement and other financial information included in the Report fairly present in all material respects the financial condition and results of operation of the company as of and for periods presented in the Report.
- (d) We:
 - (i) Are responsible for establishing and maintaining internal controls.
 - (ii) Have designed such internal controls to ensure that material information relating to the Company, particularly during the period in which the periodic reports are being prepared;
- (e) We have disclosed to the Auditors of the Company and the Audit Committee;
Any fraud, whether or not material, that involves management or other employees who have significant roles in the Company's internal controls.

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

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

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

27 April 2024