



Interim IFRS Financial Statements (Unaudited) for  
the period ended 30 September 2018  
(3 months & 9 months Results)

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**RAK UNITY PETROLEUM PLC**

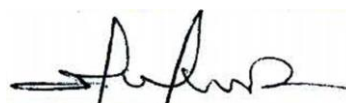
**Statement of Financial Position as at 30 September 2018**

	Note	30 September 2018	31 December 2017
<b>ASSETS:</b>		N' 000	N' 000
<b>Non-Current Assets</b>			
Property, plant and equipment	13	101,673	82,151
Prepayment non-current	17	64,696	74,493
<b>Non-current assets</b>		<b>166,369</b>	<b>156,644</b>
<b>Current Assets</b>			
Inventories	14	139,576	29,213
Trade and other receivables	15	1,857,691	1,070,537
Cash and cash equivalents	16	213,633	64,576
Prepayment - Current	17	15,226	15,345
<b>Current assets</b>		<b>2,226,125</b>	<b>1,179,671</b>
<b>Total Assets</b>		<b>2,392,495</b>	<b>1,336,315</b>
<b>EQUITY:</b>			
		N' 000	N' 000
Share capital	18	28,312	28,312
Share premium	18	307,576	307,576
Retained Earnings	19	234,262	237,236
<b>Total Equity</b>		<b>570,150</b>	<b>573,125</b>
<b>LIABILITIES:</b>			
		N' 000	N' 000
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		2,678	7,936
<b>Non-current liabilities</b>		<b>2,678</b>	<b>7,936</b>
<b>Current Liabilities</b>			
Trade payables and Other Payables	21	1,810,537	737,501
Current tax payables		8,909	17,754
Deferred Income	20	219	-
<b>Current liabilities</b>		<b>1,819,667</b>	<b>755,255</b>
<b>Total Liabilities</b>		<b>1,822,345</b>	<b>763,191</b>
<b>Total Equity and Liabilities</b>		<b>2,392,495</b>	<b>1,336,315</b>

The financial statements set out on pages 3 to 21 were approved by the Board of Directors on 26th October 2018 and signed on their behalf by:



**James Ogungbemi**  
Chief Executive Officer/Managing Director  
FRC/2013/NIM/00000004313



**Okonkwo Obumneme Chukwumobi**  
Director  
FRC/2014/IODN/00000008764



**Olumuyiwa Adebayo**  
Chief Finance Officer  
FRC/2013/ICAN/00000000863

RAK UNITY PETROLEUM PLC

Statement of Profit or Loss and Other Comprehensive Income for the period ended 30th September 2018

	Note	30 September 2018		30 September 2017	
		3 Months	9 Months	3 Months	9 Months
		N' 000	N' 000	N' 000	N' 000
Revenue	5	1,795,203	7,058,133	1,974,496	7,714,262
Cost of sales		(1,707,848)	(6,803,850)	(1,890,862)	(7,354,731)
<b>Gross Profit</b>		<b>87,355</b>	<b>254,283</b>	<b>83,634</b>	<b>359,532</b>
<b>Operating Expenses:</b>					
Employees' costs	8	11,632	34,886	13,945	50,094
Depreciation, amortisation, depletion and impairment	13	2,976	8,340	2,599	8,599
Selling and distribution expenses	9a	36,065	139,267	34,545	126,963
Administrative and management expenses	9b	24,779	68,190	30,514	90,309
<b>Operating expenses</b>		<b>75,452</b>	<b>250,682</b>	<b>81,603</b>	<b>275,965</b>
<b>Operating Profit/(Loss)</b>		<b>11,903</b>	<b>3,601</b>	<b>2,031</b>	<b>83,567</b>
Investment and other income	10	299	386	376	804
<b>Profit/(Loss) before taxes</b>		<b>12,201</b>	<b>3,986</b>	<b>2,407</b>	<b>84,371</b>
Income taxes		(3,926)	(1,297)	(540)	(26,632)
<b>Profit/(Loss) for the year</b>		<b>8,276</b>	<b>2,690</b>	<b>1,867</b>	<b>57,739</b>
<b>Other Comprehensive Income:</b>					
<i>* Items that will not be reclassified subsequently to profit or loss:</i>					
		-	-	-	-
<i>* Items that may be reclassified subsequently to profit or loss:</i>					
		-	-	-	-
<b>Other comprehensive income for the year, net of taxes</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the year</b>		<b>8,276</b>	<b>2,690</b>	<b>1,867</b>	<b>57,739</b>
<b>Earnings per share (EPS):</b>		<b>30 September 2018</b>		<b>30 September 2017</b>	
- Basic EPS (in the nearest Naira)	27	0.15	0.05	0.03	1.02
- Diluted EPS (in the nearest Naira)	27	0.15	0.05	0.03	1.02

**RAK UNITY PETROLEUM PLC**  
**Statement of Changes in Equity for the period-ended 30 September 2018**

	30 September 2018			Total Equity
	Share Capital	Share Premium	Retained Earnings	
	N' 000	N' 000	N' 000	N' 000
<b>Balance as at 1 July 2018</b>	<b>28,312</b>	<b>307,576</b>	<b>231,649</b>	<b>567,537</b>
Profit for the year			8,276	8,276
Other comprehensive income:				-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>8,276</b>	<b>8,276</b>
<b>Transaction with owners' of equity:</b>				
Dividend paid			(5,662)	(5,662)
<b>Transactions with owners' of equity</b>	<b>-</b>	<b>-</b>	<b>(5,662)</b>	<b>(5,662)</b>
<b>Balance as at 30 September 2018</b>	<b>28,312</b>	<b>307,576</b>	<b>234,262</b>	<b>570,150</b>

**RAK UNITY PETROLEUM PLC**  
**Statement of Changes in Equity for the period-ended 30 September 2017**

	30 September 2017			Total Equity
	Share Capital	Share Premium	Retained Earnings	
	N' 000	N' 000	N' 000	N' 000
<b>Balance as at 1 July 2017</b>	<b>28,312</b>	<b>307,576</b>	<b>268,416</b>	<b>604,304</b>
Profit for the year			1,867	1,867
Other comprehensive income:				-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>1,867</b>	<b>1,867</b>
<b>Transaction with owners' of equity:</b>				
Dividend paid			(5,662)	(5,662)
<b>Transactions with owners' of equity</b>	<b>-</b>	<b>-</b>	<b>(5,662)</b>	<b>(5,662)</b>
<b>Balance as at 30 September 2017</b>	<b>28,312</b>	<b>307,576</b>	<b>264,621</b>	<b>600,509</b>

**RAK UNITY PETROLEUM PLC**  
**Statement of Cash Flows**  
**For the period ended 30 September 2018**

Note	30-Sep-18	30-Sep-17
	N' 000	N' 000
<b><i>Cash Flows from Operating Activities:</i></b>		
Profit for the year	7	8,276
<b><i>Adjustments for:</i></b>		
Income taxes recognised in profit or loss		3,926
Interest income		-
Lease rentals		20,064
Depreciation, amortisation, depletion and impairment	13	8,339
	<b>40,604</b>	<b>23,237</b>
<b><i>Movements in working capital:</i></b>		
(Increase)/Decrease in inventories		(202)
Decrease/(Increase) in trade and other receivables	15	(650,249)
Decrease/(Increase) in Prepayment	17	(21,324)
(Decrease)/Increase in trade and other payables	21	721,147
(Decrease)Increase in deferred revenue	20	(293)
<b>Cash generated from operations</b>		<b>89,683</b>
Tax paid		-
<b>Net cash used in operating activities</b>		<b>(36,114)</b>
		<b>89,683</b>
<b><i>Cash Flows from Investing Activities:</i></b>		
Purchase of property, plant and equipment	13	-
Interests received		-
<b>Net cash (used in)/generated by investing activities</b>		<b>-</b>
<b><i>Cash Flows from Financing Activities:</i></b>		
Dividend paid		(5,662)
<b>Net cash generated by financing activities</b>		<b>(5,662)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>84,021</b>
<b>Cash and cash equivalents as at beginning of the quarter/year</b>	16	<b>129,612</b>
<b>Cash and cash equivalents at the end of the year</b>	16	<b>213,633</b>
		<b>95,444</b>

**1 General information about the reporting entity**

Rak Unity Petroleum Plc was incorporated in Nigeria under the Companies and Allied Matters Act as a private limited liability company on 20th December 1982 and converted to a public company on 16th November 1987. The Company is domiciled in Nigeria and the address of its registered office is Block 5 Ijora Gra Beside Lagos State Water Corporation Ijora Lagos. The principal activities of the Company are to carry on the business of Petroleum sales, Marketing, Store oils, Petrol, Gas, Kerosene, Filling station, erect structures for that purpose. The Company deals in Retail and Bulk supply of Petroleum Products.

**2.1 New and revised IFRSs in issue and now effective**

The Company has now applied the following new and revised IFRSs that have been issued but are not yet effective:

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

<i>Amendments to IFRS 9 and IFRS 7</i>	<i>Mandatory Effective Date of IFRS 9 and Transition Disclosures*</i>
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*\*\* Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.*

**3 Significant Accounting Policies**

**3.1 Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standard Board (IASB).

**3.2 Basis of Preparation and Adoption of IFRS**

The Company prepares its financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standard Board (IASB). Accordingly, these are the Company's first annual financial statements prepared in accordance with IFRS as issued by the IASB.

For all periods up to and including the year ended 30 September 2018, the Company prepared its financial statements in accordance with Nigerian Generally Accepted Accounting Principles (NGAAP). These financial statements for the year ended 30 September 2018 are 3 months results of the Company has prepared in accordance with International Financial Reporting Standards (IFRS). The Company changed its year-end to every 31 December, with effect from 31 December 2016.

The financial statements have been prepared on a historical cost basis. The carrying values of recognised assets and liabilities are recognised and measured on a going concern basis. The financial statements are presented in Nigerian Naira and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

**3.3 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

**3.3.1 Sale of Goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods, including:

- *The Company has transferred to the buyer the significant risks and rewards of ownership of the goods.*
- *The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.*
- *The amount of revenue can be measured reliably.*
- *It is probable that the economic benefits associated with the transaction will flow to the Company.*
- *The costs incurred or to be incurred in respect of the transaction can be measured reliably.*

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, value added taxes, excise duties and similar levies. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

**3.3.2 Interest Income**

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

**3.3.3 Rental Income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue due to its operating nature.

### 3.4 Income Taxes

The income tax components are the current taxes and deferred taxes.

#### 3.4.1 Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### 3.4.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

*\* When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss*

*\* In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future*

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

*\* When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss*

*\* In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised*

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities arising from investment properties at fair value are measured based on the tax consequence of the presumption that the carrying amount of the investment properties measured at fair value will be recovered entirely through sale. This presumption is consistent with the management's business model for the Company's investment properties.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### 3.4.3 Value Added Tax

Revenues, expenses and assets are recognised net of the amount of Value Added Tax, except:

*\* Where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the Value Added Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable*

*\* Receivables and payables are stated with the amount of Value Added Tax included. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.*

### 3.5 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Property, plant and equipment transferred from Third Party of Related Parties is initially measured at the fair value at the date on which control is obtained. Land and buildings are measured at fair value, less accumulated depreciation on buildings, and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recognised in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.



An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the asset's original cost. Additionally, accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

*The following useful lives are used in the calculation of depreciation:*

• Plants and machinery	5-years
• Motor vehicles	4 years
• Office equipment	5 years
• Furniture and fittings	10 years

### **3.6 Intangible assets**

#### **3.6.1 Intangible assets acquired separately:**

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

#### **3.6.2 Derecognition of intangible assets**

An intangible asset is derecognised 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 recognised in profit or loss when the asset is derecognised.

### **3.7 Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

### **3.8 Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a Weighted Average Cost basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The company does not hold inventory and currently operates a Just in Time System for its Inventory Procurement.

### **3.9 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at date of inception. The arrangement is assessed to determine whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

### 3.9.1 *The Company as a lessee*

Finance leases, which transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Company, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in profit or loss on a straight line basis over the lease term. The company substantially only has

### 3.9.2 *Embedded leases*

All take-or-pay contracts are reviewed on inception to determine if they contain any embedded leases.

### 3.9.3 *The Company as a lessor*

Leases where the Company does not transfer substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### 3.10 Provisions

#### *(ii) General provisions*

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

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

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

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

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

*Warranties: Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Company's obligation.*

#### *(ii) Decommissioning liability*

The Company recognises a decommissioning liability where it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related oil and gas assets to the extent that it was incurred by the development/construction of the field. Any decommissioning obligations that arise through the production of inventory are expensed when the inventory item is recognised in cost of goods sold.

Changes in the estimated timing of decommissioning or changes to the decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to oil and gas assets.

Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss.

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Company considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with IAS 36. If, for mature fields, the estimate for the revised value of oil and gas assets net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in profit or loss as a finance cost.

The company recognises neither the deferred tax asset in respect of the temporary difference on the decommissioning liability nor the corresponding deferred tax liability in respect of the temporary difference on a decommissioning asset. The company currently has no provision for decommissioning

***(iii) Environmental expenditures and liabilities***

Environmental expenditures that relate to current or future revenues are expensed or capitalised as appropriate. Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future earnings are expensed.

Liabilities for environmental costs are recognised when a clean-up is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

The amount recognised is the best estimate of the expenditure required. Where the liability will not be settled for a number of years, the amount recognised is the present value of the estimated future expenditure.

**3.11 Financial instruments – initial recognition and subsequent measurement**

**3.11.1 Financial Assets**

***Initial recognition and measurement:***

Financial assets in the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale financial assets, or derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which do not include transaction costs.

Purchases or sales of financial assets that require delivery of assets in a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date at which the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

***Subsequent measurement***

The subsequent measurement of financial assets depends on their classification, as follows:

***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative changes in fair value) or finance revenue (positive net changes in fair value) in the statement of comprehensive income.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at the initial recognition date and only if the criteria in IAS 39 are satisfied. The Company has not designated any financial assets upon initial recognition as at fair value through profit or loss.

### ***Subsequent measurement***

Financial assets at fair value through profit or loss continued

The Company evaluates its financial assets as held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Company may elect to reclassify them. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value, with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

### ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

### ***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

The rights to receive cash flows from the asset have expired

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either:

- (a) the Company has transferred substantially all the risks and rewards of the asset, or
- (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### ***Impairment of financial assets***

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a Company of financial assets is impaired. A financial asset or a Company of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a Company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

### 3.11.2 Financial liabilities

#### **Initial recognition and measurement:**

Financial liabilities in the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts and derivative financial instruments.

#### **Subsequent measurement**

The measurement of financial liabilities depends on their classification as described below.

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial recognition date and only if the conditions in IAS 39 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

#### **Interest-bearing loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to [share premium/ other equity [describe]]. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to [retained profits/other equity [describe]]. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

#### **Derecognition**

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

### 3.11.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 3.11.4 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

### 3.11.5 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and at hand and short term deposits with an original maturity of three months or less, but exclude any restricted cash which is not available for use by the Company and therefore is not considered highly liquid – for example, cash set aside to cover decommissioning obligations.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts.

### 3.12 Foreign currencies

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

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- *Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.*
- *Exchange differences on transactions entered into in order to hedge certain foreign currency risks.*
- *Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.*

For the purposes of presenting these financial statements, the assets and liabilities of the Company's foreign operations are translated into Currency Units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

### 3.13 Employee benefits

#### 3.13.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as personnel expenses in profit or loss in the periods during which related services are rendered. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value.

#### 3.13.2 Termination benefits

The company recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing benefits as a result of an offer made to encourage voluntary termination. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

### 3.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalised as part of the cost of the respective assets. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available for a short term from funds borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is also capitalised and deducted from the total capitalised borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the period.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## 4 Critical accounting judgements and key sources of estimation uncertainty

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

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

### 4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see note 5.2 below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

\* *Revenue recognition*

\* *Deferred taxation and recovery of deferred tax assets*

\* *Contingencies*

#### 4.2 Key sources of estimation uncertainty

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

\* Useful lives of property, plant and equipment

\* Fair value measurements and valuation processes

#### 5 Revenue

	30-Sep-18	30-Sep-17
	N' 000	N' 000
Revenue from AGO	1,511,709	1,386,117
Revenue from PMS	276,494	566,119
Revenue from DPK	7,100	14,861
Revenue from LUBES	(100)	7,399
Revenue from Others	-	152
	<b>1,795,203</b>	<b>1,974,648</b>

#### 6 Cost of Sales

	30-Sep-18	30-Sep-17
	N' 000	N' 000
AGO	1,439,063	1,324,700
PMS	261,822	547,672
DPK	6,963	11,320
LUBES	-	7,170
	<b>1,707,848</b>	<b>1,890,862</b>

#### 7 Segment information

All of the Company's assets and operations are located in Nigeria. For management reporting purposes, the Company is organised into business units based on the main types of activities and has three reportable operating segments, as follows:

\* Bulk Segment relates to Bulk Commercial Sale of Petroleum Product such as PMS, AGO, DPK and Lubes

\* Retail Segment relates to sale of Petroleum Product via the Retail Outlets

\* Dump Segment relates to the sale of Petroleum Product via Dumpsites provided at customers site/premises.

No operating segments have been aggregated to form the above reportable operating segments.

The Executive Management Committee monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements. However, the Company's financing (including finance costs and finance income) and income taxes are managed on a Company basis and are not allocated to operating segments.

**8 Employees' Costs****8.1 Compensation of key management personnel**

No Directors Fees was due or paid during the year. No dividend was paid or proposed to be paid within the year.

**8.2 Numbers and cards of key management personnel**

	<b>30-Sep-18</b>	<b>30-Sep-17</b>
	<b>Number</b>	<b>Number</b>
Managing Director (MD)	1	1
Chief Operating Office - COO	1	1
Chief Finance Officer/Financial Controller	1	1
Head - Internal Audit	1	1
	<b>4</b>	<b>4</b>

**9.1 Administrative and Management Expenses**

	<b>30-Sep-18</b>	<b>30-Sep-17</b>
	<b>N' 000</b>	<b>N' 000</b>
Amortization of Prepaid Leases	6,442	6,867
Professional and Management Fees	891	907
Repairs and maintenance	3,676	3,764
Audit Fees	1,642	1,250
Rent and Rates	950	633
Permit and licenses	696	-
Office expenses	990	-
Bank charges	994	1,039
Post-employment benefits cost	735	-
Entertainment, advertisement and public relations	15	9
Travel and accommodation expense	284	912
Insurance expense	233	223
Fines	-	-
Personnel Cost	-	249
Write-off of assets	-	-
Other Operating Cost	267	13,160
Board Expense	6,964	1,501
Training costs	-	-
	<b>24,779</b>	<b>30,514</b>



9.2 **Selling and Distribution Expenses**

	30-Sep-18	30-Sep-17
	N' 000	N' 000
Distribution Expense - AGO	29,483	26,353
Distribution Expense - PMS	6,351	7,919
Distribution Expense - DPK	231	93
Distribution Expense - Others	-	-
	<b>36,065</b>	<b>34,365</b>

10 **Other income**

	30-Sep-18	30-Sep-17
	N' 000	N' 000
Non Fuel Income (NFI)	386	376
	<b>386</b>	<b>376</b>

\*This income relates to Rental of Marts at the Retail Outlets

12 **Earnings per share**

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

The basic and diluted earnings per share are the same as there are no instruments that have a dilutive effects on earnings.

	30-Sep-18	30-Sep-17
	N	N
Basic earnings per share - Naira	0.15	0.03

12.1 **Basic earnings per share**

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

	30-Sep-18	30-Sep-17
	N' 000	N' 000
Profit for the year attributable to owners of the Company	8,276	1,865
Dividends paid on convertible non-participating preference shares	-	-
<b>Earnings used in the calculation of basic earnings per share</b>	<b>8,276</b>	<b>1,865</b>
Others	-	-
<b>Earnings used in the calculation of basic earnings per share</b>	<b>8,276</b>	<b>1,865</b>

	30-Sep-18	30-Sep-17
	N' 000	N' 000
Weighted average number of ordinary shares for the purposes of basic earnings per share	56,625	56,625

\*Diluted EPS is same with Basic EPS because there are no potential instruments/shares with dilutive attribute

13 **Property, plant and equipment**

	30-Sep-18	30-Sep-17
Asset	N' 000	N' 000
* Leasehold Improvement	19,655	22,367
* Plants and Machinery	15,276	13,357
* Motor Vehicles	0	-
* Office Equipment	148	304
* Capital Work in Progress	52,528	37,722
* Furniture and fittings	14,066	16,920
	<b>101,673</b>	<b>90,670</b>

14 Inventories	30-Sep-18	30-Sep-17
	N' 000	N' 000
Inventory - AGO	74,634	25,367
Inventory - PMS	63,991	31,981
Inventory - DPK	-	7
Inventory - LUBE	951	26
	<b>139,576</b>	<b>57,381</b>

The Company operates a Just in Time Inventory system such that no inventory is carried at anytime within the Financial Year but Inventory is made available by the supplier once the Company receives a demand for product from any of its customers.

15 Trade and other receivables	30-Sep-18	30-Sep-17
	N' 000	N' 000
Trade Receivables	1,857,553	987,634
Other Receivables	138	58,245
<b>Trade and other receivables</b>	<b>1,857,691</b>	<b>1,045,879</b>

15a Trade and other receivables	30-Sep-18	30-Sep-17
	N' 000	N' 000
Trade receivables - 3rd parties	1,209,455	486,413
Trade receivables - related parties	648,098	559,466
<b>Trade receivables</b>	<b>1,857,553</b>	<b>1,045,879</b>

<b>Allowance for doubtful debts</b>	-	-	-
<b>Trade Receivables, net of allowance for doubtful debts</b>	<b>1,857,553</b>	-	<b>1,045,879</b>

Before accepting any new customer, the Company uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. None of the Debts Outstanding is due as at the end of the Financial year and there are currently no bad debts.

16 Cash and cash equivalents	30-Sep-18	30-Sep-17
	N' 000	N' 000
Cash	649	104
Demand Deposits	212,984	192,691
Short-term deposits	-	-
<b>Cash and cash equivalent as per statement of financial position and statement of cash flows</b>	<b>213,633</b>	<b>192,795</b>
Bank overdrafts	-	-
<b>Cash and cash equivalent as per statement of cash flows</b>	<b>213,633</b>	<b>192,795</b>

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown statement of cash flows can be reconciled to the related items in the statement of financial position (as shown above). The carrying amount of these assets is approximately equal to their Fair Value.

17 Prepayment	30-Sep-18	30-Sep-17
	N' 000	N' 000
Prepayments - Current	15,226	14,404
Prepayments - Non Current	64,696	84,214
	<b>79,922</b>	<b>98,618</b>

18 Issued and related capital	30-Sep-18	30-Sep-17
	N' 000	N' 000
Share capital	28,312	28,312
Share premium	307,576	307,576
	<b>335,889</b>	<b>335,889</b>

Issued capital comprises of Ordinary Share Capital of 56.6 million shares of 50 kobo each.

**Fully Paid Ordinary Share Capital**

	Number of	Share Capital	Share Premium
	Shares	N' 000	N' 000
Balance as at 1 January 2018	56,625	28,312	307,576
Issue of Shares under IPO	-	-	-
<b>Balance as at 30 September 2018</b>	<b>56,625</b>	<b>28,312</b>	<b>307,576</b>

**Fully Paid Ordinary Share Capital**

	Number of	Share Capital	Share Premium
	Shares	N' 000	N' 000
Balance as at 1st January 2018	56,625	28,312	307,576
Issue of Shares under IPO	-	-	-
<b>Balance as at 30 September 2018</b>	<b>56,625</b>	<b>28,312</b>	<b>307,576</b>

19 Retained earnings	30-Sep-18	30-Sep-17
	N' 000	N' 000
As at 1st January,	237,236	267,625
Profit for the period	2,690	1,865
Dividend paid	(5,662)	(5,662)
	<b>234,262</b>	<b>263,828</b>

Transfer within Equity relates to Deferred Expense from prior period now written off against Equity.

20 Deferred Income	30-Sep-18	30-Sep-17
	N' 000	N' 000
Deposits by customers for goods and/or services	-	250
	<b>-</b>	<b>250</b>

**Details of Deferred Revenue**

\* Deferred income represent advance rent paid on marts in retail outlets

21 Trade payables	30-Sep-18	30-Sep-17
	N' 000	N' 000
Trade Payables (Trade payables relates to amounts owed to So Energy Limited, a related	725,534	161,986
Other Payables Note 21a	1,072,473	685,971
	<b>1,798,007</b>	<b>847,957</b>

21 (a) Other payables	30-Sep-18	30-Sep-17
	N' 000	N' 000
Accrued expenses	45,028	48,809
Due to related party	1,072,473	613,022
Others	680,506	24,140
	<b>1,798,007</b>	<b>685,971</b>

## 22 Financial risk management disclosure

### 22.1 Capital management disclosure

The Company manages its capital to ensure the entity will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2017.

#### Gearing ratio:

The gearing ratio at end of the reporting period was as follows.

	30-Sep-18 N' 000	30-Sep-17 N' 000
Debts (current and non-current) - (a)	-	-
Less: cash and cash equivalents	213,633	192,795
<b>Net Debts</b>	<b>213,633</b>	<b>192,795</b>
<b>Equity - (b)</b>	<b>570,150</b>	<b>573,124</b>
<b>Net debt to equity ratio (a/b)</b>	<b>37.47%</b>	<b>33.64%</b>

(a) - Debt is defined as long- and short-term borrowings (excluding derivatives and financial guarantee contracts)

(b) - Equity includes all capital and reserves of the Company that are managed as capital.

### 22.2 Financial risk management objectives

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

The Company's Treasury/Finance function reports quarterly to the Company's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

### 22.3 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: commodity price risk, interest rate risk and currency risk. Financial instruments affected by market risk include: loans and borrowings, deposits, trade receivables, trade payables, accrued liabilities and derivative financial instruments.

### 22.4 Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

### 22.5 Foreign currency risk

The Company has transactional currency exposures that arise from sales or purchases in currencies other than the respective functional currency. The Company manages this risk by matching receipts and payments in the same currency and monitoring movements in exchange rates.

### 22.6 Liquidity risk

The Company monitors its risk to a shortage of funds by monitoring its debt rating and the maturity dates of existing payables.

### 22.7 Credit risk

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which include an assessment of credit rating, short-term liquidity and financial position. The Company obtains sufficient collateral (where appropriate) from customers as a means of mitigating the risk of financial loss from defaults. In addition, receivable balances are monitored on an ongoing basis, with the result that the Company's exposure to bad debts is not significant.

Refer to Note 15 for analysis of trade receivables ageing.

## 23 Events after the reporting period

There are no significant or material events that occurred after the end of the reporting period and before the financial statements is authorised for issue by the management of the entity.

## 24 Contingencies and commitments

The company has no contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise.

25 VALUE ADDED STATEMENT

	<b>30-Sep-18</b>		<b>30-Sep-17</b>	
	<b>(3 Months)</b>	<b>%</b>	<b>(3 Months)</b>	<b>%</b>
	<b>N' 000</b>		<b>N' 000</b>	
Turnover	1,795,203		1,974,496	
Other income	299		376	
Bought in Material and services - Local	(1,768,692)		(1,947,490)	
<b>Value (Eroded)/Added</b>	<b>26,809</b>	<b>100%</b>	<b>27,382</b>	<b>100%</b>
Applied as follows:				
<b>To Pay Employees:</b>				
Salaries and benefits	11,632	43%	13,945	58%
<b>To Pay Government:</b>				
Taxation	3,926	15%	540	181%
<b>To Pay Providers of funds:</b>				
Interest on borrowings	-		-	
<b>To Provide for Replacement of Assets and Future Developments:</b>				
Depreciation of assets	2,976	11%	2,599	38%
Deferred tax	-	0%	8,433	
Accumulated (loss)/profit	8,276	31%	1,865	382%
<b>Value (Eroded)/added</b>	<b>26,809</b>	<b>100%</b>	<b>27,382</b>	<b>100%</b>

Value added represents the additional wealth which the Company created through its own efforts and those of its employees. This statement shows the allocation of that wealth among employees, providers of capital, government and the proportion retained for the future creation of more wealth.