



MRS Oil Nigeria Plc

**Annual Report and Financial Statements
For the year ended 31 December 2023**

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Corporate Profile

The Company was incorporated as a privately owned Company in 1969 and was converted to a Public Limited Liability Company quoted on the Nigerian Exchange Limited (formerly known as 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 Exchange Limited (NGX).

The marketing of products in Nigeria commenced in 1913 under the Texaco brand, when the products were distributed exclusively by CFAO, a French Multinational Retail Company. In 1964, Texaco Africa Limited started the direct marketing of Texaco products; selling through service stations and kiosks acquired from the said multinational retail Company, on lease terms. It also entered into the aviation business.

On the 12th of August 1969, Texaco Nigeria Limited was incorporated as a wholly owned subsidiary of Texaco Africa Limited, thus inheriting the business formerly carried out in Nigeria by Texaco Africa Limited. With the promulgation of the Nigeria Indigenization Decree in 1978, 40% of Texaco Nigeria Limited shares, was sold to Nigerian individuals and organizations by Texas Petroleum Company.

In 1990, the Companies and Allied Matters Decree came into force, and this necessitated the removal of Limited from the Company's corporate name, to the prescribed 'Public Limited Liability Company' (PLC) with its shares quoted on the Nigerian Exchange Limited.

Following the creation of ChevronTexaco in 2001 from the merger between Chevron Corporation and former Texaco Inc., Texaco Nigeria Plc became an integral part of the new corporation. As Chevron considered the acquisition of former Union Oil Company of California (UNOCAL), the Board of ChevronTexaco decided to eliminate 'Texaco' from the corporate name and retain only Chevron as the new name of the enlarged corporation.

Effective the 1st of September 2006, the Company's name changed from Texaco Nigeria Plc to Chevron Oil Nigeria Plc following a directive from Chevron Corporation's headquarters to all affiliate companies. This was designed to present a clear, strong and unified presence of Chevron Corporation throughout the world.

On the 20th of March 2009, there was an acquisition of Chevron Holdings Limited, (a Bermudian Company) by Corlay Global S.A. 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.

Currently, 342,884,706 shares are held by about 25,409 Nigerian Shareholders and 1 foreign shareholder (MRS Africa Holdings Limited, Bermuda, a subsidiary of Corlay Global S.A.) in MRS Oil Nigeria Plc, a Company with the main business of marketing and/or manufacturing of petroleum related products in Nigeria.

With about 81 active Company-owned outlets and 97 third-party owned operating outlets, MRS Oil Nigeria Plc is a major player in Nigeria's petroleum products marketing industry and a leading producer of quality lubricating oils and greases.

Corporate Information

RC 6442

TIN: 01061308-0001

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

Registered Office 2, Tin Can Island Port Road Apapa Lagos

Company Secretary Mrs. O. M. Jafojo
2, Tin Can Island Port Road
Apapa
Lagos

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

Auditor Deloitte & Touché Civic Towers
Ozumba Mbadiwe Avenue Victoria Island
Lagos

Principal Bankers Access Bank Plc
Fidelity Bank Plc
First Bank of Nigeria
Limited Stanbic IBTC Bank Plc
Union Bank of Nigeria Limited
Wema Bank Plc
Zenith Bank Plc

Corporate Information (cont'd)

Leadership Team

Marco Storari

Managing Director

Oluwakemi M. Jafojo

Company Secretary

Samson Adejonwo

Chief Finance Officer

Sunday Oyekale

Chief Internal Auditor

Muideen Salami

Account Manager

Mahmud Mohammed

Logistics Manager

Abraham S. Unubi

Quality Assurance Quality Control Manager

Rita Agbasi

Human Resources Manager

Col. Adebisi Adesanya

Chief Security Officer

Dhikrullah Ameen-Ikoyi

Treasury Manager

Olawale Badru

Chief Legal Counsel

Oluwatoyin Olufunso-Godson Brand
and Customer Service Manager

Nkem Fasanmi

Supply Manager

Donald Oghuma

Sales and Marketing Manager

Abdulrazaq Suleiman

Engineering and Project Manager

Statement of Directors' responsibilities
For the preparation and approval of the financial statements.

The Directors of MRS Oil Nigeria Plc ("the Company") are responsible for the preparation of the Financial Statements that give a true and fair view of the financial position of the Company as at 31 December 2023 and the results of its operations, cash flows and changes in the equity for the year then ended, in compliance with the International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act, 2023.

In preparing the Financial Statements, the Directors are responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- Making an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for:

- Designing, implementing, and maintaining an effective and sound system of internal controls throughout the Company;
- Maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enables them to ensure that the financial statements of the Company comply with IFRS;
- Maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; preventing and detecting fraud and other irregularities.

Going Concern:

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

The Financial Statements of the Company for the year ended 31 December 2023 were approved by Directors on March 27, 2024.

On behalf of the Directors of the Company



Mr. Marco Storari
(Managing Director)
RC/2021/003/00000022038



Dr. Amobi D. Nwokafor
(Director)
FRC/2013/ICAN/0000002770

Board of Directors

The profile of all the Directors appears under this section for your information.

MR. PATRICE ALBERTI Chairman	<p>Mr. Alberti holds a bachelor’s degree in economics from the Paris Academy and has been with the MRS Group since 2004. He is currently the Group Vice Chairman of MRS Group of Companies and a Director on the Board of Corlay Global S.A. Prior to joining MRS Group, he held a number of positions over a period of 20 years in various banks in Europe namely: BNP Paribas, Paribas, Banque Arabe Internationale D’Investitsment, Banco Central SA, to mention a few.</p> <p>On 12th of July, 2017, Mr. Alberti was appointed as the Chairman of MRS Oil Nigeria Plc.</p>
MR. MARCO STORARI Managing Director	<p>Mr. Storari is a seasoned leader with over three (3) decades of experience in shipping, trading and the management of terminal operations in the industry. He has held various high-level positions where he recorded business successes from Companies in Italy, Monaco and Nigeria.</p> <p>Until his appointment as Director and Managing Director, he was the Group Executive Director (Storage and Terminal) of MRS Holdings Limited. He has been a driving force in the transformation of the MRS Group over the last ten years.</p> <p>On the 3rd of August 2021, the Shareholders ratified the appointment of Mr. Marco Storari as Director and Managing Director of the Company.</p>
MS. AMINA MAINA Director	<p>Ms. Maina holds a degree in Business Administration. She is currently the Group Executive Director (Supply & Trading) of MRS Holdings Limited, Executive Director of MRS Oil & Gas Company Limited.</p> <p>Prior to joining the MRS Group, she was an Executive Director/Vice President of Energy Solutions Integrated Services Limited, Junior Crude Oil Trader at Aurora Energy Trading Limited, to mention a few.</p> <p>She was appointed on the Board of the Company on November 6, 2013.</p> <p>In January 2024, Ms. Maina was appointed by President Bola Ahmed Tinubu as an Independent Member of the Midstream and Downstream Gas Infrastructure Fund (MGDIF), a position she currently holds till date.</p>
MR. MATTHEW AKINLADE Independent Director	<p>Mr. Akinlade (FCA) started his accounting career about 44 years ago. He is an experienced and seasoned professional of the accounting profession and has experience spanning the manufacturing and engineering industries.</p> <p>He has served on the Board of a number of listed companies such as Nampak Nigeria Plc, NCR Nigeria Plc, amongst others.</p> <p>He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN), a Member of the Chartered Institute of Taxation of Nigeria (CITN) and a Fellow of the Chartered Institute of Management Accountants (FCMA), U.K. He is also a member of the Institute of Directors.</p> <p>Mr. Akinlade (FCA) was appointed on April 27, 2017 and was re-designated to the Board as Independent Director on October 26, 2017.</p>

Board of Directors (cont'd)

<p>SIR SUNDAY NNAMDI NWOSU (KSS) Director</p>	<p>Sir Nwosu, KSS, GCOA, F.IOD, is the founder and former National Coordinator of the Independent Shareholders Association of Nigeria (ISAN). He is a Fellow of the Institute of Directors, member of the Security and Exchange Commission, Rule/Legislation Committee and the current President of the Boys Brigade of Nigeria.</p> <p>He has several years of private work experience, and he is a major player in the Nigerian Capital Market. Sir Nwosu (KSS) is the Chairman of R. T Briscoe Plc and currently serves on the Board of Kajola Integrated Investments Plc, Obuchi Limited and Sunnaco Nigeria Limited. He is also on the committees of several listed companies in Nigeria.</p> <p>Sir Nwosu (KSS) was appointed to the Board on April 27, 2017.</p>
<p>DR. AMOBI DANIEL NWOKAFOR Director</p>	<p>Dr. Nwokafor (FCA) is a seasoned professional accountant with over 31 years of work experience in the accounting profession. Dr. Nwokafor (FCA) holds a B.Sc. from the University of Nigeria, Enugu Campus and Masters in Banking and Finance from the Delta State University, Abraka.</p> <p>He is the managing partner of Amobi Nwokafor & Co and he is a member of the Institute of Directors, a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN), a Fellow of Chartered Institute of Taxation of Nigeria (CITN) and a member of the Chartered Institute of Arbitrators (ACI Arb), to mention a few.</p> <p>He has several years of work experience in private practice and has worked in several insurance firms. He rose to the position of Assistant General Manager and Head of Finance and Accounts, in International Standard Insurers Limited, before he resigned to manage his auditing firm in 1998.</p> <p>Dr. Nwokafor (FCA) was appointed to the Board on April 27, 2017.</p>
<p>MRS. PRISCILLA OGWEMOH Director</p>	<p>Mrs. Ogwemoh is currently the Managing Partner of the law firm of Kevin Martin Ogwemoh Legal. She is a graduate of Law from Ahmadu Bello University, and she holds a Master's Degree in Law.</p> <p>Mrs. Ogwemoh is a Fellow of the Nigeria Institute of Chartered Arbitrators of Nigeria, a CEDR-UK Accredited Mediator, a Member of the Panel of Neutrals, Lagos Multi Door Court House (LMDC), a Member of the Panel of Neutral Lagos Court of Arbitration (LCA), a Council Member, Nigerian Bar Association-Section on Business Law (NBA-SBL), the Chairperson of the Chartered Institute of Arbitrators (Nigeria) Maritime Committee.</p> <p>With over 28 years' experience in Legal Practice, Mrs. Ogwemoh serves on the Board of a few companies, and she carries out multilevel tasks in branding, marketing, management and professional services.</p> <p>Mrs. Ogwemoh was appointed to the Board on February 28, 2019.</p>

Directors' report

The Directors present their Annual Report on the state of affairs of the Company, together with the Audited Financial Statements for the year ended 31 December 2023.

Incorporation and Legal Status of the Company

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Directors' report (cont'd)

Principal Activities:

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

The Company's Result:

The summary of the results of the Company as included in the Financial Statements are as follows:

Year ended 31 December	2023 NGN'000	2022 NGN'000
Revenue	182,310,963	100,779,880
Cost of sales	167,309,031	92,204,953
Tax charge	1,935,850	1,104,244
Profit for the year	4,048,758	1,316,102
Proposed Dividend for the Year	809,752	-
Earnings Per 50k Share (Naira)	11.81	3.84
Proposed Dividend per 50k share (Naira)	2.36	-
Net Assets per 50k Share	65.94	53.95

Board Changes:

During the period under review, there were no changes on the Board of the Company.

Board Induction:

The Company carries out an induction program to familiarize new Directors appointed on the Board, with the Company's operation, the business environment and the Management of the Company. For the year under review, no induction was conducted.

Election/Re-election of Directors:

In accordance with Articles 90/91 of the Company's Article of Association, Mr. Mathew Akinlade and Ms. Amina Maina who are retiring by rotation offer themselves for re-election.

The Directors:

The Directors in office during the year are listed below and except where stated, served on the Board in 2023:

Name	Nationality	Designation	Appointments/ Resignations (A/R)
Mr. Patrice Alberti	French	Chairman	March 20, 2009 (A)
Mr. Marco Storari	Nigerian	Managing Director	August 3, 2021 (A)
Ms. Amina Maina	Nigerian	Non- Executive Director	November 6, 2013 (A)
Mr. Matthew Akinlade	Nigerian	Independent Director	April 27, 2017 (A)
Sir Sunday Nnamdi Nwosu	Nigerian	Non- Executive Director	April 27, 2017 (A)
Dr. Amobi Daniel Nwokafor	Nigerian	Non- Executive Director	April 27, 2017 (A)
Mrs. Priscilla Ogwemoh	Nigerian	Non- Executive Director	February 28, 2019 (A)

Directors' Interest in the Issued Share Capital of the Company:

The direct and indirect interests of Directors in the issued share capital of the Company as recorded in the Register of Directors' Shareholdings and/or as notified by the Directors for the purpose of Sections 301 of the Companies and Allied Matters Act, 2020 and the listing requirements of the Nigerian Exchange Limited are as follows:

Directors' report (cont'd)

Directors' Interest in the Issued Share Capital of the Company (cont'd)

Mr. Patrice Alberti (indirect holding), Ms. Amina Maina, Mr. Matthew Akinlade and Sir Sunday Nnamdi Nwosu directly own shares in the Company as follows:

Name	2023	2022
Mr. Patrice Alberti (indirect holdings)	205,730,806	205,730,806
Ms. Amina Maina	37,278	37,278
Sir Sunday Nnamdi Nwosu	5,914	7,088
Mr. Matthew Akinlade	642	642

Directors' Interest in Contracts:

For the purpose of Section 303 of the Companies and Allied Matters Act, 2020, none of the Directors have notified the Company of any direct or indirect interest in any contract or proposed contract with the Company.

Significant Shareholders:

According to the Register of Members as at 31 December 2023, the following Shareholders of the Company hold more than 5% of the issued ordinary share capital of the Company:

Name	2023		2022	
	Unit	Percentage %	Unit	Percentage %
MRS Africa Holdings Limited	205,730,806	60%	205,730,806	60%
First Nominee/Asset Management Corporation of Nigeria-MAI	35,909,817	10.47%	35,909,817	10.47%

Mr. Patrice Alberti represents MRS Africa Holdings Limited on the Board of the Company. There is no representative of First Nominee /Asset Management Corporation of Nigeria-MAI on the Board.

From the Register of Members, the Directors are not aware of any other person or persons who holds more than 5% of the fully issued and paid shares of the Company.

Analysis of Shareholding:

According to the Register of Members at 31 December 2023, the spread of shareholding in the Company is presented below:

Number of holding			Number of shareholders	Number of shares held	Percentage of shareholding
1	-	1,000	12,924	4,368,580	1.27
1,001	-	5,000	8,512	18,971,089	5.53
5,001	-	10,000	2,510	15,468,564	4.51
10,001	-	50,000	1,246	23,316,135	6.80
50,001	-	100,000	115	7,688,145	2.24
100,001	-	500,000	84	16,589,626	4.84
500,001	-	1,000,000	11	6,847,941	2.00
1,000,001	-	10,000,000	5	7,994,003	2.33
1,000,0001	-	50,000,000	1	35,909,817	10.47
50,000,0001	-	342,884,706	1	205,730,806	60.00
Total			25,409	342,884,706	100.00

Directors' report (cont'd)

Analysis of Shareholding (cont'd)

	No of Shareholders	Number of shares held	Percentage of shareholding
Local shareholders	25,408	137,153,900	40%
Foreign shareholder	1	205,730,806	60%
	<u>25,409</u>	<u>342,884,706</u>	<u>100%</u>

Acquisition of its Own Shares:

The Company did not acquire its own shares during the year (2022: Nil).

The Managing Director/CEO is responsible for the conduct of the Company's activities in the safest and most efficient manner and has the obligation to deliver value to its stakeholders.

Employment Policy:

The Company creates a diverse and performing workforce through a fair and transparent employment process. As an equal opportunity employer, the Company continue to implement this policy through the recruitment of qualified, competent and skilled individuals.

Talents are selected through internally and externally sourcing. The recruitment procedure is objective and merit-based to access for identifying behavioural, mental fitness, competence and relevant experience for the role. There is no form of discrimination against job applicants on the basis of gender, race, ethnic origin, or religion. The Company adheres to all applicable laws regarding the employment of labour as well as international best practices.

Employee Wellness and Wellbeing:

In addition to traditional healthcare benefits, the concept of employee wellness and well-being encompasses a holistic approach of physical, mental and social aspects of an employee's life. The Company recognizes the importance of cultivating a healthy workforce and investments in comprehensive wellness programs to employee's general wellbeing.

- **Mental Health Support:**

The Company identifies and acknowledges that issues of mental health concerns are crucial to employee wellbeing and has collaborated with wellness partners to continue to create awareness and encourage reporting through organize mental health sessions.

- **Physical Health Support:**

The Company continues to create the awareness for employees to maintain healthy lifestyles and promote physical wellness through organized workshops, published HR articles and health talks.

- **Work-Life Balance:**

The remote work policy was introduced to provide necessary support to employees and minimize commuting time. All employees are required to fully utilize their vacation days and ensure adequate paid time off.

Directors' report (cont'd)

• Wellness Initiatives Implemented in the Current Financial Year:

- To demonstrate the Company's commitment to the well-being of its employees, compulsory annual health checks were organized to promote a proactive approach to preventive healthcare.
- To ensure workplace safety, the Company implemented drug and alcohol testing as part of the internal policies to promote a drug-free culture in the workplace.
- In commemoration of the World Diabetes Day, employees were tested to educate them about their status and free consultations were conducted.

Employee Engagement Initiatives:

Quarterly town hall meetings, strategy sessions, onboarding feedback, buddy programmes, employee involvement in the decision-making process, National day(s) recognitions, financial literacy sessions, team building and 360 feedback sessions, provide valuable input to the decision-making process.

Employee Learning and Development:

In line with the Company's corporate values to continually develop employees to possess the necessary skills, competencies and values, various learning interventions were deployed. Employees were trained on key areas of business operations, leadership coaching, emergency evacuation (HSE), compliance evaluation in retrospective, corrosion and cathodic protection, cardiopulmonary resuscitation (CPR), domestic gas and gas infrastructure seminar and ISO 45001:2018 training. The training addressed technical and people development training objectives and the post-training feedback showed positive Return on Investment (ROI).

Professional Membership:

The Company continues to promote professional development of its employees to keep them abreast of new initiatives in the industry. Eligible employees attended the Mandatory Continuing Professional Education (MCPE) and annual Memberships were renewed for the following institutes: The Nigeria Bar Association (NBA), The Chartered Institute of Personnel Management (CIPM), The Council of Registered Engineers of Nigeria (COREN), Institute of Chartered Accountants of Nigeria (ICAN), The Chartered Governance Institute, UK and Ireland, formerly known as the Instituted of Chartered Secretaries and Administrator, amongst others.

In-House Training:

Employees were trained in-house on product knowledge, evolving processes, automation of the customized ERP portals and on quality management ISO 45001:2018 OHS-MS training.

Graduate Trainee Internship:

The internship program is an initiative, designed to develop and create a talent pool. It seeks to provide learning opportunities and practical work experience for fresh graduates, who develop necessary tools and experience while working in a corporate environment. Young graduates are provided with the opportunity to work with inspiring and experienced professionals, to build work-related skills gain additional skills, build valuable networks and contacts for professional development.

Workforce Management:

As of December 31, 2023, the Company's workforce was 80 (2022:88). The employees of the Company with a robust blend of gender, ethnicity and religious background, reflecting the Company's commitment to a diverse and inclusive culture in the workplace.

Directors' report (cont'd)

Health, Safety and Environment (HSE) Performances in 2023

In 2023, employees remained committed to the success of MRS Oil Nigeria Plc. operations had significantly improved in so many areas. This is a result of the Company's intentional efforts to ensure the safety of all employees, assets and the environment for greater productivity.

Team Involvement:

Employees were actively involved in Health and Safety activities through toolbox and feedback sessions, inductions amongst others to foster a culture of safety in the organization.

Accident-Free Record and Data:

Employees accomplished a zero-incident year in 2023 through a combination of enhanced safety trainings, improved safety protocols, work control procedures and proactive risk identification strategies.

ISO 45001 Implementation:

The implementation and certification of the Company, commenced in 2023; a comprehensive gap analysis, internal audit and ultimately stage-1 external Audit was conducted to guarantee the preparedness of the Company for the stage-2 Audit. The final certification process to the ISO 45001: 2018 criteria would be concluded in 2024.

Safety Culture Participation:

Employee participation in the safety culture, has contributed to the overall safety and well-being of every employee.

Fire Warden Training:

Sixty-four fire wardens were nominated and educated about their responsibilities to participate and foster a culture of fire prevention, detection and suppression techniques, in the event of a fire.

Information Technology Upgrades:

The Company is unwavering in its commitment to frequent enhancements to its information technology infrastructure nationwide.

In 2023, the following upgrades and improvements were implemented:

1. The upgrade of the centralized Microsoft Office 365 platform of the Company and expansion of the license coverage.
2. The upgrade to the web-based IT helpdesk platform; this has resulted in significant improvement to the IT department's productivity and effective tracking and resolution of IT user issues in a timely manner.
3. The integration with Microsoft O365 Backup and the expansion of the Veeam enterprise backup solution from 10 to 16; this lowers the risk associated with recovery and compliance as well as the effective protection of the Company's data.

Internal Audit Function and Internal Controls in 2023

There is an Internal Audit department of the Company, charged with the responsibility of effective risk management and internal controls. The Chief Internal Auditor has over 13 years of industry expertise in internal auditing; he is a Fellow of the Institute of Chartered Accountants of Nigeria and he works with an Audit team of Chartered Accountants with several years of experience.

Directors' report (cont'd)

Internal Audit Function and Internal Controls in 2023 (cont'd)

On a regular basis, the internal audit team review the internal controls and evaluates its efficacy, efficiency and adequacy. The Audit Committee approves an Internal Audit Work Plan annually and the Reports of the Audit team quarterly.

A structured risk management framework was implemented to guide in the assessment of risks and all aspects of the business. In addition, the risk assessment process, identifies and captures areas of business risks with a view to implement measures to mitigate and address these risks.

The Directors are responsible for the risk management process and can assert on the effectiveness of the process. The risk management process reviews the day-to-day operations of the Company, identifies and mitigates major risks such as financial, procedural, reputational, operational and compliance risks.

The Company implemented Sections 60-63 of the Investments Securities Act 2007 (ISA 2007) in the financial year ended December 31, 2023. This Section of ISA requires public companies to adopt the Internal Control over Financial Reporting (ICFR), to promote governance through effective financial reporting controls.

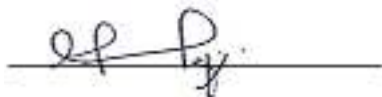
Property, Plant and Equipment:

Information relating to changes in the Company's property, plant and equipment is provided in Note 15 to the Financial Statements.

Going Concern:

Nothing has come to the attention of the Directors to inform them, that the Company will not remain a going concern in the next twelve months.

By Order of the Board



O. M. Jafojo (Mrs.) FCIS
Company Secretary
FRC NO: 2013/NBA/0000002311
27 March, 2024

Corporate Governance Report

The Board considers the maintenance of high standards of corporate governance, central to the achievement of the Company's objective to maximize Shareholders' value. The Board has a schedule of matters reserved specifically for its decision and the Directors have access to knowledge development and the learning of appropriate professional skills.

Ethical Standards:

In line with the Companies and Allied Matters Act, 2020, the Securities and Exchange Commission's Rules and Code of Corporate Governance for public companies, the Nigerian Exchange Limited Rules and Regulations and other statutory regulations, the Directors continue to act with the utmost integrity and high ethical standards and are aware of this primary responsibility in their business dealings with the Company.

Board Composition:

The Company's Board currently comprises of a Non-Executive Chairman, the Managing Director, Four (4) Non-Executive Directors and an Independent Director. The Managing Director has extensive knowledge of the oil and gas industry, while the Non-Executive Directors bring their broad knowledge of business, financial, commercial and technical expertise to the Board.

Annually, the Board reviews the Board structure and ensures there is a satisfactory balance in the Board Composition. The balance may be reviewed in an ongoing basis, bearing in mind the size of the Company and its ownership structure.

There are seven (7) Directors on the Board, with each Director bringing their independent wealth of experience to bear in Board deliberations.

Separation of Powers:

The position of the Chairman of the Company and the Managing Director/CEO are held by separate individuals, in line with best practice and Corporate Governance standards. The Managing Director/CEO is responsible for the management of the day-to-day business operations and the implementation of the overall business strategy.

The Company Secretariat:

The Company Secretary is the custodian of the Company's historical records and is responsible for keeping Board Members abreast of Statutory and Corporate Governance policies. The Company Secretary also provides support, guidance and advice to the Directors as required.

The Secretariat is the liaison office between the Shareholders and the Directors and a warehouse of up-to-date statutory records, statutory registers and other records.

Meetings:

The register of attendance at Board and Committee meetings, is available for inspection during normal business hours (8:00 am - 5:00 pm), at the registered office of the Company and at each Annual General Meeting of the Company.

Board Meetings:

The Board meets at least four (4) times a year for regularly scheduled meetings to review the Company's operations and trading performance; to set and monitor strategies as well as consider new business options. The Board also meets for unscheduled meetings, to attend to specific matters that require its attention.

Corporate Governance Report (cont'd)

Attendance at Board and Committee Meetings:

The attendance of Directors at Board and Committee meetings in the year under review:

MRS Oil Nigeria Plc – 2023 Board Meetings:

DIRECTORS	Designation	29 Mar '23	27 April '23	27 July '23	3 Aug '23	4 Sept '23	12 Sept '23	26 Oct '23
Mr. Patrice Alberti	Chairman	√	√	√	√	√	√	√
Mr. Marco Storari	Managing Director	√	√	√	√	√	√	√
Ms. Amina Maina	Member	√	√	√	√	√	√	√
Mr. Matthew Akinlade	Member	√	√	√	√	√	√	√
Sir. Sunday N. Nwosu	Member	√	√	√	√	√	√	x
Dr. Amobi D. Nwokafor	Member	√	√	√	√	√	√	√
Mrs. Priscilla Ogwemoh	Member	√	√	√	√	√	√	√

√= Present, x = Absent, N/A = Not Applicable: Not a member at the stated date

Board Performance Appraisal:

The Board took a formal evaluation of its performance in the year under review. A follow-up process exists for all matters of concern or potential improvement which may arise, when an evaluation process is carried out. The annual performance appraisal for the year under review, commenced in May 2023.

Sub Committees of the Board:

The Board has established Committees, with approved Terms of Reference. There are four (4) sub-committees of the Board and the Chairman is not on any of the Committees. The sub-committees are established to assist the Board to perform effectively and efficiently, its guidance and oversight functions, amongst others.

The Terms of Reference for all the Committees are available for inspection at the registered office of the Company.

Sub-Committees attendance in the year under review:

The Audit Committee:

Audit Committee Members	Designation	28 Mar '23	26 Apr '23	26 Jul '23	25 Oct '23	1 Nov '23
Mr. Emmanuel N. Okafor	Chairman	√	√	√	√	√
Ms. Amina Maina	Member	√	√	√	√	√
Mrs. Priscilla Ogwemoh	Member	√	√	√	√	√
Mr. Babajide A. Adetunji	Member	√	√	√	√	√
Mr. Oladimeji B. Adeleke	Member	√	√	√	√	√

* √= Present, x = Absent, N/A = Not Applicable: Not a member at the stated date.

On the invitation of the Chairman of the Audit Committee, representatives of Management and the External Auditors are invited to attend Committee meetings. The Audit Committee is responsible for the review of the quarterly and annual financial reports of the Company before the final approval of the Board.

The Audit Committee also makes recommendations on the appointment of External Auditors and reviews the nature and scope of their work and makes recommendations on the Company's accounting procedures and internal controls.

Corporate Governance Report (cont'd)

The Audit Committee (cont'd)

In the year under review, the Audit Committee met five (5) times.

Board Nominations and Corporate Governance Committee Members	Designation	20 April '23	19 Oct '23	28 Nov '23
Sir Sunday N. Nwosu	Chairman	√	√	√
Mr. Marco Storari	Member	√	√	√
Mr. Matthew Akinlade	Member	√	√	√
Dr. Amobi D. Nwokafor	Member	√	√	√
Mrs. Priscilla Ogwemoh	Member	√	√	√

The Board Nominations and Corporate Governance Committee (BN&CGC) is responsible for the nomination of candidates to be appointed to the Board, bearing in mind the balance and structure of the Board. The Committee also considers corporate governance issues and ensures strict compliance with best practices. The BN&CGC makes recommendation to the Board on issues regarding but not limited to the membership of the Audit, the Risk, Strategic and Finance Planning and the Human Resources Committees, in consultation with the Chairman of each Committee.

In the year under review, the Board Nominations and Corporate Governance Committee met three (3) times.

The Risk, Strategic and Finance Planning Committee:

Risk, Strategic Planning and Finance Planning Committee Members	Designation	March 22 '23	Oct 19 '23
Ms. Amina Maina	Chairman	√	√
Mr. Marco Storari	Member	√	√
Mr. Matthew Akinlade	Member	√	√
Sir Sunday N. Nwosu	Member	√	√
Dr. Amobi D. Nwokafor	Member	√	√

√= Present, x = Absent, N/A = Not Applicable: Not a member at the stated date.

The Risk, Strategic and Finance Planning Committee, is responsible for assisting the Board of Directors in the effective and efficient performance of its guidance and oversight functions and is specifically charged with managing the organization's exposure to financial and other risks. This Committee is also responsible for defining the Company's strategic objectives, determining its financial and operational priorities, making recommendations on the dividend policy of the Company and evaluating the long- term productivity of the business operations.

In the year under review, the Risk, Strategic and Finance Planning Committee met two (2) times.

The Human Resources Committee:

Human Resources Committee Members	Designation	19 Oct '23
Mr. Matthew Akinlade	Chairman	√
Mr. Marco Storari	Member	√
Ms. Amina Maina	Member	√
Sir Sunday N. Nwosu	Member	X
Mrs. Priscilla Ogwemoh	Member	√

√= Present, x = Absent, N/A = Not Applicable: Not a member at the stated date

Corporate Governance Report (cont'd)

The Human Resources Committee (cont'd)

The Human Resources Committee is responsible for the review of contract terms, remuneration and other benefits of Executive Directors and Senior Management of the Company. The Committee also reviews the reports of external consultants for services rendered, to assist the Committee in the execution of its duties.

The Chairman and other Directors are invited to attend meetings of the Committee but are not involved in the decision-making process that directly affect their remuneration. The Committee undertakes an external and independent review of remuneration policies at all levels and on a periodic basis, to ensure strict adherence to employment policies.

In the year under review, the Human Resources Committee met once.

Shareholders Rights:

The Board is committed to the continuous engagement of its Shareholders, and it ensures that Shareholders' rights are well protected. The Board further ensures effective communication to its Shareholders regarding the notice of meetings and necessary statutory information.

E-Dividend:

The Company records show that several dividends remain unclaimed despite publications in the Newspapers to the Shareholders of the Company and the circulation of the E-dividend forms. A list of Shareholders with unclaimed dividend, is available on the Company's website. Shareholders with unclaimed dividends are urged to update their records to enable the Registrars to complete the E-dividend process.

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, the 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 an established Complaints Management Policy with guidelines, on responses to feedback from investors, clients and other stakeholders. The Policy provides an impartial, fair and objective process for handling stakeholders' complaints as well as an established monitoring and implementation procedure.

The Company efficiently and effectively responds to feedback, to improve and exceed customer expectations, client experience and the delivery of excellent 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.

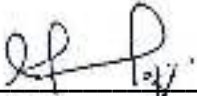
MRS Oil Nigeria Plc is committed to the continued sustenance of the principles of sound corporate governance.

Corporate Governance Report (cont'd)

Whistle Blowing:

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

By Order of the Board



O. M. Jafojo (Mrs.) FCIS

Company Secretary

FRC NO: 2013/NBA/00000002311

27 March, 2024

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Report of the audit committee
To the members of MRS Oil Nigeria Plc

In accordance with Section 404(4) of the Companies and Allied Matters Act, 2020, we the Members of the Audit Committee of MRS Oil Nigeria Plc, have reviewed the Audited Financial Statements of the Company for the year ended 31 December, 2023 and based on the documents and information available to us, report as follows:

- (a) We ascertain that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
- (b) We have reviewed the scope and planning of the Audit requirements;
- (c) We have reviewed the findings on management matters in conjunction with the External Auditor and management responses thereon;
- (d) We have kept under review the effectiveness of the Company's system of accounting and internal control.

Members of the Audit Committee in 2023.

1. Mr. Emmanuel N. Okafor	-	Chairman
2. Mr. Babajide A. Adetunji	-	Member
3. Mr. Oladimeji B. Adeleke	-	Member
4. Ms. Amina Maina	-	Member
5. Mrs. Priscilla Ogwemoh	-	Member



MR. EMMANUEL OKAFOR
Chairman, Audit Committee
FRC/2021/002/00000022583
27 March, 2024

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 the financial report for the year ended December 31, 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 Statements 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 the 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:
 - (i) 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/2020/003/00000022038



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



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

Independent Auditor's Report

To the Shareholders of MRS Oil Nigeria Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MRS Oil Nigeria Plc** set out on pages 4 to 66, which comprise the statement of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, the notes to the financial statements, including a summary of material accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of **MRS Oil Nigeria Plc** as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and Financial Reporting Council (Amendment) Act, 2023.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of Financial Statements in Nigeria.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current year. However, we have not identified such matter in our audit of the financial statements in the current year.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report, corporate governance report and other national disclosures, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.





In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is no material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria (Amendment) Act, 2023 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.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the financial statements of the current period and is therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with fifth schedule of the Companies and Allied Matters Act 2020, we expressly state that:

- i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Company has kept proper books of account, so far as appears from our examination of those books.
- iii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.



Abraham Udenani, FCA - FRC/2013/PRO/ICAN/004/0000000853

For: Deloitte & Touche

Chartered Accountants

Lagos, Nigeria

28 March 2024



Statement of Profit or Loss and Other Comprehensive Income

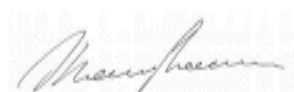
	Notes	31 Dec. 2023	31 Dec. 2022
		₦'000	₦'000
Revenues	5	182,310,963	100,779,880
Cost of sales	8	<u>(167,309,031)</u>	<u>(92,204,953)</u>
Gross profit		15,001,932	8,574,927
Other income	6	232,316	254,883
Administrative expenses	10	(5,105,899)	(4,449,804)
Selling and distribution expenses	9	(716,854)	(908,282)
Net Foreign exchange loss	12 a	(3,221,283)	(659,647)
Impairment loss on financial assets	30a	<u>(191,955)</u>	<u>(310,996)</u>
Operating profit		5,998,257	2,501,081
Finance income	11	122,493	24,950
Finance costs	11	<u>(136,142)</u>	<u>(105,685)</u>
Net finance costs	11	<u>(13,649)</u>	<u>(80,735)</u>
Profit before Taxation	12	5,984,608	2,420,346
Income tax expense	14b	<u>(1,935,850)</u>	<u>(1,104,244)</u>
Profit after tax		4,048,758	1,316,102
Other Comprehensive Income, net of income tax		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>4,048,758</u>	<u>1,316,102</u>
Earnings per share			
Basic and diluted earnings per share (Naira)	13	<u>11.81</u>	<u>3.84</u>

The accompanying notes on pages 8 to 66 form an integral part of these financial statements.

Statement of Financial Position
As at 31 December 2023

	<i>Notes</i>	31 Dec. 2023 ₦'000	31 Dec. 2022 ₦'000
Assets			
Non-current assets			
Property, plant and equipment	15	19,420,838	14,977,955
Right of use assets	29(i)	664,579	838,031
Intangible assets	16	227,803	7
Total non-current assets		<u>20,313,220</u>	<u>15,815,993</u>
Current Assets			
Inventories	19	7,631,431	3,302,008
Withholding tax receivables	18	40,960	11,239
Prepayments	27	188,665	149,123
Trade and other receivables	17	20,749,480	18,031,306
Cash and cash equivalents	20	5,907,533	3,216,445
Total current assets		<u>34,518,069</u>	<u>24,710,121</u>
Total assets		<u>54,831,289</u>	<u>40,526,114</u>
Equity			
Share capital	21(a)	171,442	171,442
Retained earnings	21(b)	22,439,790	18,328,004
Total equity		<u>22,611,232</u>	<u>18,499,446</u>
Liabilities			
Non-current liabilities			
Employee benefit obligation	22(a)	8,523	9,085
Provisions	28	144,028	224,179
Lease liabilities	29(iii)	82,153	103,581
Deferred tax liabilities	14(e)	511,572	480,657
Total non-current liabilities		<u>746,276</u>	<u>817,502</u>
Current liabilities			
Contract liabilities	23	5,835,729	2,221,109
Dividend payable	24(b)	104,569	169,851
Trade and other payables	25	21,730,172	16,068,426
Short term borrowings	26	1,411,105	1,411,105
Lease liabilities	29(iii)	472,568	420,676
Tax payable	14(d)	1,919,638	917,999
Total current liabilities		<u>31,473,781</u>	<u>21,209,166</u>
Total liabilities		<u>32,220,057</u>	<u>22,026,668</u>
Total equity and liabilities		<u>54,831,289</u>	<u>40,526,114</u>

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



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



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



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

The accompanying notes on pages 8 to 66 form an integral part of these financial statements.

Statement of Changes in Equity

	Share capital ₦'000	Retained earnings ₦'000	Total equity ₦'000
Balance as at 1 January 2022	152,393	17,030,951	17,183,344
Total comprehensive income:			
Profit for the year	-	1,316,102	1,316,102
Total comprehensive income for the year	-	1,316,102	1,316,102
Transactions with owners of the Company			
Bonus issue transfer from Retained Earnings to Share Capital	19,049	(19,049)	-
Balance as at 31 December 2022	171,442	18,328,004	18,499,446
	Share capital ₦'000	Retained earnings ₦'000	Total equity ₦'000
Balance as at 1 January 2023	171,442	18,328,004	18,499,446
Total comprehensive income:			
Profit for the year	-	4,048,758	4,048,758
Total comprehensive income	-	4,048,758	4,048,758
Transactions with owners of the Company			
Write-back of statute barred dividend Note 24(b)	-	63,028	63,028
Total transactions with owners of the Company	-	63,028	63,028
Balance as at 31 December 2023	171,442	22,439,790	22,611,232

Statement of Cash Flows

	Notes	31 Dec. 2023 ₦'000	31 Dec. 2022 ₦'000
Cash flows from operating activities:			
Profit after tax		4,048,758	1,316,102
Adjustments for:			
Depreciation on PPE	15	700,597	608,771
Depreciation on Right of Use Assets	29(i)	135,940	98,604
Amortization of intangible assets	16	49,633	22
Finance income	11	(122,493)	(24,950)
Finance costs	11	136,142	105,685
(Gain)/loss on sale of property, plant and equipment	6,10	(22,761)	520,706
Loss on reversal of Expired ROU Asset		42,580	1,064
Net foreign exchange loss	10	3,221,283	659,647
(Reversal of)/provision for long service award	22(c)	(562)	3,215
Impairment/(reversal) of impairment loss on trade receivables	30(a)	527,189	(503,708)
Impairment of Petroleum Equalization Fund receivables	30(a)	19,370	500,000
(Reversal)/impairment of related party receivables	30(a)	(354,604)	314,704
Bad debt written off	10	-	4,403
(Reversal)/impairment of impairment on Inventory	19(a)	(110,611)	17,299
Taxation	14	1,935,850	1,104,244
		10,206,311	4,725,808
Changes in:			
- Inventories		(4,218,812)	(23,505)
- Trade and other receivables		(3,571,959)	(2,912,349)
- Prepayments		(39,543)	(92,709)
- Contract liability (Customer Advance received)		3,614,620	1,910,338
- Trade and other payables		2,154,678	(1,519,176)
		8,145,295	2,088,407
Cash generated from operations		8,145,295	2,088,407
Income taxes paid	14(d)	(201,130)	(69,106)
Long service award paid	22(c)	-	(762)
Net cash generated from operating activities		7,944,165	2,018,539
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment		37,094	108,784
Purchase of property, plant and equipment	15	(5,157,813)	(1,473,664)
Purchase of ROU assets	29(i)	(107,500)	-
Purchase of Intangible Assets	16	(277,429)	-
Proceeds from ROU terminated		-	5,358
Interest received	11	122,493	24,950
Net cash used for investing activities		(5,383,155)	(1,334,572)
Cash flows from financing activities:			
Additional short-term borrowings	26	235,548,091	34,533,787
Short-term borrowing repayment	26	(235,548,091)	(34,533,787)
Lease Payment	29(iii)	(40,500)	(11,000)
Dividends paid	24	(2,254)	-
Interest paid	11	(42,898)	(44,465)
Net cash used in financing activities		(85,652)	(55,465)
Net change in cash and cash equivalents		2,475,358	628,502
Cash and cash equivalents at 1 January		3,216,445	2,798,795
Effect of movements in exchange rates on cash held		215,730	(210,852)
Cash and cash equivalents at 31 December 2023	20	5,907,533	3,216,445

The accompanying notes on pages 8 to 66 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

2. Basis of preparation (cont'd)

c. Composition of Financial statements (cont'd)

Other national disclosures

- i. Statement of Value Added
- ii. Five-year Financial Summary.

d. Financial Period

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

e. Functional and presentation currency

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

f. Significant changes in the current reporting year

The 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 contributed 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.

Notes to the financial statements

3. Critical accounting judgement and key sources of estimating uncertainty

Use of judgements and estimates

In applying the Company's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts 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.

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. The Company has applied the simplified approach in IFRS 9 to measure the loss allowance on receivables balance at lifetime 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.

Notes to the financial statements

3. Critical accounting judgement and key sources of estimating uncertainty Use of judgements and estimates (cont'd)

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.

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.

Notes to the financial statements

4. Accounting policies (cont'd)

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.

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.

Notes to the financial statements

4. Accounting policies (cont'd)

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.

A. 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.

B. 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.

C. 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

4. Accounting policies (cont'd)

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.

Notes to the financial statements

4. Accounting policies (cont'd)

G. Property, plant and equipment (cont'd)

iv. Depreciation (cont'd)

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

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

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.

Notes to the financial statements

4. Accounting policies (cont'd)

G. Property, plant and equipment (cont'd)

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.

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.

Notes to the financial statements

4. Accounting policies (cont'd)

I. Leases (cont'd)

i. As a lessee (cont'd)

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.

Notes to the financial statements

4. Accounting policies (cont'd)

I. Leases (cont'd)

i. As a lessee (cont'd)

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.

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.

Notes to the financial statements

4. Accounting policies (cont'd)

K. Cash and cash equivalents (cont'd)

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

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.

Notes to the financial statements

4. Accounting policies (cont'd)

L. Impairment (cont'd)

i. 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

4. Accounting policies (cont'd)

M. Employee benefits (cont'd)

i. 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.

ii. 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.

iii. 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.

Notes to the financial statements

4. Accounting policies (cont'd)

N. Provisions, Contingent Liabilities and Assets Provisions (cont'd)

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.

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.

Notes to the financial statements

4. Accounting policies (cont'd)

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.

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.

Notes to the financial statements

4. Accounting policies (cont'd)

Q. Income tax (cont'd)

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.

Notes to the financial statements

4. Accounting policies (cont'd)

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.

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 identified 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.

Notes to the financial statements

4. Accounting policies (cont'd)

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.

5. New and amended IFRS standards

5.1 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 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

i. IFRS 17 (Insurance Contracts including the June 2020 and December 2021 Amendments to IFRS 17)

The company has adopted IFRS 17 and the related amendments for the first time in the current year. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.

The Company does not have any contracts that meet the definition of an insurance contract under IFRS 17.

Notes to the financial statements

5.1 New and amended IFRS standards that are effective for the current year (cont'd)

ii. Disclosure of Accounting Policies (Amendments to IAS 1, Presentation of Financial

Statements, and IFRS Practice Statement 2, Making Materiality Judgements)

The Company has adopted the amendments to IAS 1 Presentation of Financial Statements, and IFRS Practice Statement 2, Making Materiality judgement in the current year, which continues the IASB's clarifications on applying the concept of materiality. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

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

The company has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

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

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

v. Amendments to IAS 12 Income Taxes—International Tax Reform—Pillar Two Model Rules

The company has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top up taxes described in those rules.

Notes to the financial statements

5.1 New and amended IFRS standards that are effective for the current year (cont'd)

v. Amendments to IAS 12 Income Taxes—International Tax Reform—Pillar Two Model Rules (cont'd)

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, an entity is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

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
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	Lease Liability	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024

5 Revenue	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Premium Motor Spirit (PMS)	161,741,912	85,840,317
Automotive Gas Oil (AGO)	9,370,205	4,001,527
Aviation Turbine Kerosene (ATK)	6,443,180	6,855,383
Lubricants and Greases	4,497,626	3,853,069
Liquified Petroleum Gas (LPG)	258,040	229,584
	<u>182,310,963</u>	<u>100,779,880</u>

Revenue is recognized 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.

Notes to the financial statements

6 Other income	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Rental and lease income (Note 6(a))	5,558	29,829
Sundry income (Note 6(b))	109,510	159,512
Gain on sale of property, plant & equipment	22,761	-
Income on storage services	94,487	65,542
	<u>232,316</u>	<u>254,883</u>
	232,316	254,883
<p>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).</p> <p>b) Sundry income represents earnings from insurance claims recoveries, non-fuel revenues, recoveries from station uniform and other miscellaneous incomes.</p>		
7 Expenses by function	31 Dec. 2023	31 Dec 2022
	₦'000	₦'000
Cost of sales (Note 8)	167,309,031	92,204,953
Selling and distribution expenses (Note 9)	716,854	908,282
Administrative expenses (Note 10)	8,327,182	5,109,451
	<u>176,353,067</u>	<u>98,222,686</u>
	176,353,067	98,222,686
8 Cost of sales	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Premium Motor Spirit (PMS)	147,691,366	77,531,097
Automotive Gas Oil (AGO)	8,421,748	3,702,993
Aviation Turbine Kerosene (ATK)	6,086,420	6,139,809
Lubricants and greases	3,752,614	3,474,811
Liquified Petroleum Gas (LPG)	239,205	210,034
Freight expense	1,117,678	1,146,209
	<u>167,309,031</u>	<u>92,204,953</u>
	167,309,031	92,204,953
9 Selling and distribution expenses	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Rental of service stations, buildings and equipment	269,356	217,358
Advertising-Selling & Distribution	27,969	48,211
Station running expenses	50,628	125,344
Amortization expenses on Right of use Assets (Note 29)	135,940	98,604
Other selling and Distribution expenses	232,962	418,765
	<u>716,854</u>	<u>908,282</u>
	716,854	908,282

Notes to the financial statements

10 (a) Administration expenses (cont'd)

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Depreciation (Note 15(a))	700,597	608,771
Amortization of intangible assets (Note 16)	49,633	22
Fuel expenses for Office Generators & other admin use	651,735	451,736
Rental Other than service stations, buildings and equipment	15,806	-
Consultancy expense	169,953	195,353
Maintenance expense	116,842	190,312
Advertising expenses (Newspaper & Publications)	5,431	9,875
Management fees (Note 31 (c))	612,970	431,983
Directors' remuneration (Note 12(b)(iv))	17,270	15,730
Employee benefit expense (Note 12 (b)(i))	602,306	447,947
Bank Charges	110,827	137,124
Auditor's remuneration (Note 10(b))	58,050	37,625
Bad debt written off	-	4,403
Loss on sale of Property, plant and equipment	-	520,706
Loss on disposal of ROU asset	-	1,064
Local and international travel	68,771	26,697
Office expenses and supplies	440,303	289,054
Communication and postage	315,065	199,696
Insurance premium	200,534	117,918
Contract labour	676,338	554,097
Sponsorships and donations (Note 10(b))	349	244
Licenses and Levies	100,093	56,972
Utilities	20,306	21,533
Subscriptions	61,129	61,337
Board meetings and AGM expenses	68,813	37,054
Security	42,778	32,551
	5,105,899	4,449,804

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

The company engaged the services of the statutory auditors for an attestation of the company's Internal Control Over Financial Reporting (ICFR) at the sum of N14 million which is included in the Auditor's remuneration in the current year. No other non-audit service was rendered.

(c) Sponsorships and donations are analyzed as follows:

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Nigerian Navy ship Beecroft Officer Mess Tombola night	349	-
Motor Mechs and Technician Associations of Nigeria	-	244
	349	244

Notes to the financial statements

11	Finance income and finance costs	31 Dec. 2023	31 Dec. 2022
		₦'000	₦'000
	Finance income		
	Interest income on short-term bank deposits	122,493	24,950
	Total finance income	122,493	24,950
	Finance cost arising from financial liabilities measured at amortized cost		
	Interest expense	42,898	44,465
	Finance costs - others		
	Unwind of discount on site restoration provision	39,564	5,371
	Interest on lease liability ((Note 29(iii)))	53,680	55,849
	Total finance costs	136,142	105,685
	Net finance costs	13,649	80,735
12	Profit before Taxation	31 Dec. 2023	31 Dec. 2022
		₦'000	₦'000
a)	Profit before taxation is stated after charging/(crediting):		
	Depreciation (Note 15)	700,597	608,771
	Amortization of intangible assets (Note 16)	49,633	22
	Management fees (Note 31(c))	612,970	431,983
	Director's remuneration (Note 12(b)(iv))	20,485	15,730
	Employee benefit expense (Note 12(b)(i))	602,306	447,947
	Auditor's remuneration	58,050	37,625
	Loss on sale of property, plant & equipment (Note 10)	-	520,706
	Impairment of petroleum equalization fund receivables (Note 30(a))	19,370	500,000
	(Reversal)/Impairment of related party receivables (Note 30a)	(354,604)	314,704
	Net movement of inventory write down	(110,611)	17,299
	Impairment/(Reversal) of impairment on trade receivables (Note 30a)	527,189	(503,708)
	Net foreign exchange loss (Note 10)	3,221,283	659,647
	Net foreign exchange loss is further broken down as follows:		
	(Gain)/loss on cash and bank balances	(215,730)	210,852
	Loss on vendor balances	3,507,068	384,998
	(Gain)/loss on customer balances	(70,055)	63,797
		3,221,283	659,647

Notes to the financial statements

12 Profit before Taxation (cont'd)

b) Directors and employees

i) Employee costs during the year comprise:	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Salaries and wages	490,993	347,729
Other employee benefits	65,622	62,794
Employer's pension contribution	46,252	34,209
Other long term employee benefit charge	(562)	3,215
	<u>602,306</u>	<u>447,947</u>

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

ii)	Number	Number
	31 Dec. 2023	31 Dec. 2022
Administration	32	31
Technical and production	5	11
Operations and distribution	25	27
Sales and marketing	18	19
	<u>80</u>	<u>88</u>

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:

iii)	Number	Number
	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
₦		
1,000,001 - 2,000,000	-	-
2,000,001 - 3,000,000	-	-
3,000,001 - 4,000,000	-	6
4,000,001 - 5,000,000	-	11
5,000,001 - 6,000,000	2	12
6,000,001 - 7,000,000	13	21
7,000,001 - 8,000,000	2	13
8,000,001 - 9,000,000	2	6
9,000,001 - 10,000,000	8	8
10,000,001 - Above	53	11
	<u>80</u>	<u>88</u>

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

iv)	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Fees	5,500	5,500
Other emoluments	11,770	10,230
	<u>17,270</u>	<u>15,730</u>
The directors' remuneration shown above includes:		
Chairman	-	-
Highest paid director	<u>5,060</u>	<u>2,420</u>

Notes to the financial statements

12 Profit before Taxation (cont'd)

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:

	31 Dec. 2023	31 Dec. 2022
	Number	Number
1,000,001 - 2,000,000	-	2
2,000,001 - 3,000,000	-	2
3,000,001 - 4,000,000	1	-
4,000,001 - 5,000,000	2	-
5,000,001 - 6,000,000	1	-
6,000,001 - 7,000,000	-	-
7,000,001 and above	3	3
	7	7
	7	7

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

	31 Dec. 2023	31 Dec. 2022
a) Basic EPS		
Earnings for the year attributable to shareholders (N'000)	4,048,758	1,316,102
Weighted average number of ordinary shares in issue (Unit'000)	342,885	342,885
Basic earnings per share (N)	11.81	3.84

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

The directors have proposed a dividend of N2.36k per share for the year (2022: Nil) on 342,884,706 ordinary shares of 50 kobo each, being the ordinary shares in issue at the end of the year subject to approval of the shareholders at the Annual General Meeting.

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

Notes to the financial statements

14 Taxation (cont'd)

bii) Amounts recognized in profit or loss

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Current tax expense:	1,624,080	505,174
Income tax	229,713	112,242
Tertiary education tax	14,962	6,051
NASENI	299	121
Nigeria Police Trust Fund	35,880	-
	1,904,934	623,587
Changes in estimate related to prior years		
Deferred tax expense:		
Origination and reversal of temporary differences	30,916	480,657
	1,935,850	1,104,244

c) Reconciliation of effective tax rates

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

	31 Dec.	31 Dec.	31 Dec.	31 Dec.
	2023	2022	2023	2022
	%	%	₦'000	₦'000
Profit before tax			5,984,608	2,420,346
Income tax using the statutory tax rate	30.00	30.00	1,795,382	726,104
Impact of tertiary education tax	3.00	2.50	179,538	60,509
Impact of (NASENI)	0.25	0.25	14,962	6,051
Impact of minimum tax	0.50	0.50	29,923	12,102
Impact of Police Trust Fund	0.01	-	299	121
Effect of tax incentives	(22.66)	(27.80)	(1,356,050)	(672,808)
Non-deductible expenses	18.95	3.00	1,134,149	972,165
Difference in CIT rate and TET rate	0.50	2.59	29,923	-
Changes in estimates related to prior years	1.80	1.00	107,723	-
			1,935,849	1,104,244
Total income tax expense in income statement	32.35	12.04	1,935,849	1,104,244

d) Movement in current tax liability

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Balance at beginning of the year	917,999	363,517
Payments during the year	(201,130)	(69,106)
Current tax	1,869,054	623,588
Changes in the prior year estimate	35,880	-
Withholding tax credit notes utilized (Note 18)	(702,165)	-
	1,919,638	917,999

Notes to the financial statements

14 Taxation (cont'd)

e) Recognized deferred tax assets and liabilities

	Assets		Liabilities		Net	
	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	-	-	1,633,409	1,449,372	1,633,409	1,449,372
Trade receivables	(884,862)	(918,124)	-	-	(884,862)	(918,124)
Inventories	(246)	-	-	-	(246)	-
Unrealized exchange loss	(172,820)	(152,567)	-	-	(172,820)	(152,567)
Intangible Asset	(16,379)	-	-	-	(16,379)	-
Provisions - ARO	(47,529)	-	-	-	(47,529)	-
Loss on ROU	-	-	-	101,976	-	101,976
	(1,121,836)	(1,070,691)	1,633,409	1,551,348	511,572	480,657

Movement in temporary differences during the period

	1-Jan-22	Recognised in Profit or		Recognised in Profit or		31-Dec-23
		loss	31-Dec-22	loss	31-Dec-23	
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	-	1,449,372	1,449,372	184,037	1,633,409	
Trade receivables	-	(918,124)	(918,124)	33,262	(884,862)	
Inventories	-	-	-	(246)	(246)	
Provisions - ARO	-	-	-	(47,529)	(47,529)	
Unrealized exchange loss	-	(152,567)	(152,567)	(20,253)	(172,820)	
Intangible Assets	-	-	-	(16,379)	(16,379)	
Loss on Right of Use Assets	-	101,976	101,976	(101,976)	-	
	-	480,657	480,657	30,915	511,572	

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
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost:								
Balance at 1st January 2022	8,088,835	6,692,497	10,341,382	1,270,229	939,161	218,729	477,514	28,028,347
Additions	9,905	259,038	376,680	265,145	66,568	28,384	467,944	1,473,664
Reclassification	-	6,017	-	-	-	-	(6,017)	-
Disposals	(271,620)	(458,566)	(247,367)	(96,356)	(14,710)	(1,391)	-	(1,090,010)
Balance as at 31st December 2022	7,827,120	6,498,986	10,470,695	1,439,018	991,019	245,722	939,441	28,412,001
Balance at 1st January 2023	7,827,120	6,498,986	10,470,695	1,439,018	991,019	245,722	939,441	28,412,001
Additions	151,767	543,940	676,901	12,000	655,686	24,329	3,093,190	5,157,813
Disposals	-	-	(102,039)	(30,188)	(4,778)	(4,156)	-	(141,161)
Balance as at 31 December 2023	7,978,887	7,042,926	11,045,557	1,420,830	1,641,927	265,895	4,032,631	33,428,653
Balance as at 1st January 2022	-	2,706,334	8,522,353	1,028,507	836,518	192,082	-	13,285,794
Charge for the year	-	250,341	275,670	43,084	31,124	8,553	-	608,772
Disposal	-	(178,864)	(175,094)	(91,538)	(13,692)	(1,332)	-	(460,520)
Balance as at 31st December 2022	-	2,777,811	8,622,929	980,053	853,950	199,303	-	13,434,046
Accumulated depreciation and impairment:								
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	15,232	-	700,597
Disposal	-	-	(90,512)	(28,678)	(3,655)	(3,983)	-	(126,828)
Balance as at 31 December 2023	-	3,034,818	8,781,735	1,007,335	973,375	210,552	-	14,007,815
Carrying amounts								
Balance as at 31 December 2023	7,978,887	4,008,108	2,263,822	413,495	668,552	55,343	4,032,631	19,420,838
Balance as at 31 December 2022	7,827,120	3,721,175	1,847,766	458,965	137,069	46,419	939,441	14,977,955

Notes to the Financial Statements

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.

(c) Impairment assessment of cash generating unit

The Company assesses whether there are any possible indicators of impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, or at least at every reporting date. Such indicators include changes in the Company's business plans, changes in commodity prices, evidence of physical damage and, for oil and gas properties, significant downward revisions of estimated recoverable volumes or increases in estimated future development expenditure. At the end of the year, the Company's market capitalization exceeded its carrying amount of net assets by NGN16.35 which confirms that there is no indication for impairment. The Company has a single CGU, whose carrying amount is reflected in the net assets position.

An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is higher of its fair value less costs of disposal and value-in-use. The company performed a value in use computation, which required an estimation of future cash flows from the cash generating unit, the estimation of future growth rates, considering historical performance and external macroeconomic variables, the determination of an appropriate discount rate and other internal and market-based assumption.

The directors applied significant judgments in determining the appropriate inputs used for the value in use computation. Changes in these inputs, could have a material impact on the recoverable amount of the CGU.

Based on the above the directors have determined that the recoverable amount as at 31 December 2023 of the CGU is higher than the carrying amount, and accordingly no impairment of the CGU is required as at that date.

(d) Pledge as security

None of the company asset is pledged as security for loan or any facility.

e) Capital commitments

Capital expenditure commitments as at the year-end authorized by the Board of Directors comprise.

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Capital commitments	267,515	391,573

This relates to some significant capital expenditures to be incurred on our facilities as at the year end.

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 year was as follows:

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Cost		
Balance as at 1 January	283,560	283,560
Additions	277,429	-
Balance	560,989	283,560
Accumulated amortization		
Balance as at 1 January	283,553	283,531
Charge for the year (Note 10)	49,633	22
Balance	333,186	283,553
Carrying amount	227,803	7

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

17 Trade and other receivables

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Trade receivables (Note 17(a))	1,294,559	1,255,120
Bridging claims (Note 17(b))	7,379,050	9,304,199
DMO holdback (Note 17(c))	1,600,000	1,600,000
Receivables from related parties (Note 17(d))	1,041,701	197,453
Employee receivables	36,889	36,485
Due from joint arrangement partners (Note 17(g))	46,467	18,252
Receivables from Registrar (Note 17(e))	21,717	23,971
Sundry receivables	43,438	12,398
<i>Total financial assets</i>	11,463,821	12,447,878
<i>Non-financial assets</i>		
Advances paid to suppliers (Note 17(f))	9,285,659	5,583,428
	20,749,480	18,031,306

Notes to the Financial Statements

17 Trade and other receivables (cont'd)

		31 Dec. 2023	31 Dec. 2022
a) Trade receivables		₦'000	₦'000
Gross trade receivables		3,305,544	2,738,916
Impairment allowance (Note 30(a)(iv))		<u>(2,010,985)</u>	<u>(1,483,796)</u>
Net trade receivables		<u><u>1,294,559</u></u>	<u><u>1,255,120</u></u>
b) Bridging Claims		31 Dec. 2023	31 Dec. 2022
		₦'000	₦'000
Gross bridging claims		8,045,012	9,950,791
Impairment allowance (Note 30(a)(iv))		<u>(665,962)</u>	<u>(646,592)</u>
Net bridging claims		<u><u>7,379,050</u></u>	<u><u>9,304,199</u></u>

Bridging claims relate to reimbursable 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.

c) DMO Holdback

DMO holdback is comprised of:

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Amount set aside for liabilities owed to financial institutions	<u>1,600,000</u>	<u>1,600,000</u>
	<u><u>1,600,000</u></u>	<u><u>1,600,000</u></u>

The Debt Management Office (DMO) withheld money owed to financial institutions by the company for the direct settlement of those liabilities during the 2018 fiscal year, prior to the settlement of outstanding PSF receivables to the company. The amount withheld for financial institutions was determined by the Federal High Court in Abuja's court orders, which mandated that the DMO retain the money in order to pay the impacted financial institutions and agencies directly. These obligations are related to the funding those financial institutions gave the company in the past for the importation of PMS. As a result, the financial institution and the company came to a settlement agreement that was accepted by the court and sent to DMO, after which the financial instrument will be released. The deal must be closed in full by 2024. Meanwhile, the relevant financial institution liabilities are included in short-term borrowings (See Note 26).

Notes to the Financial Statements

17 Trade and other receivables (cont'd)

d) Due from related parties

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Gross receivable from related parties (Note 31 (e))	1,046,154	556,510
Impairment	<u>(4,453)</u>	<u>(359,057)</u>
Balance	<u>1,041,701</u>	<u>197,453</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 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Balance at 1st January	23,971	23,971
Payments	<u>(2,254)</u>	<u>-</u>
Balance	<u>21,717</u>	<u>23,971</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 products as at the end of the year.

g) Due from joint arrangement partners

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Balance at 1st January	18,252	9,554
Movement	<u>28,215</u>	<u>8,698</u>
Balance	<u>46,467</u>	<u>18,252</u>

18 Withholding tax receivables

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

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Balance at 1st January	11,239	9,747
Additions	731,886	1,492
Withholding tax credit note utilized (Note 14(d))	<u>(702,165)</u>	<u>-</u>
Balance	<u>40,960</u>	<u>11,239</u>

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.

Notes to the Financial Statements

19 Inventories

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Premium Motor Spirit (PMS)	4,110,800	1,377,310
Automotive Gas Oil (AGO)	1,554,730	80,773
Aviation Turbine Kerosene (ATK)	881,031	417,864
Lubricants and greases	1,051,692	1,420,094
Liquified Petroleum Gas (LPG)	16,933	1,373
Low Pour Fuel Oil (LPFO)	4,119	4,119
Packaging materials and other sundry items	12,126	475
	7,631,431	3,302,008
	7,631,431	3,302,008
	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Gross inventory	7,632,176	3,413,364
Inventory write down (Note 19 (a))	(745)	(111,356)
	7,631,431	3,302,008
	7,631,431	3,302,008

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

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Balance at 1 January	(111,356)	(94,057)
Reversal of/ (impairment) on inventory	110,611	(17,299)
	(745)	(111,356)
	(745)	(111,356)

20 Cash and cash equivalents

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Cash at bank and on hand	5,570,323	2,905,297
Short term deposits with banks	337,210	311,148
Cash and cash equivalents in the statement of financial position	5,907,533	3,216,445
Bank overdrafts used for cash management purposes (Note 26)	-	-
Cash and cash equivalents in the statement of cash flows	5,907,533	3,216,445

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

Notes to the Financial Statements

21 Equity

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
a) Issued and fully paid:		
At 1 January, 304,786,406 ordinary shares of 50k each	171,442	152,393
Bonus issue of 38,098,301 shares of 50k each	-	19,049
	<u>171,442</u>	<u>171,442</u>
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 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Balance at 1 January	18,328,004	17,030,951
Profit for the year	4,048,758	1,316,102
Statute barred dividend written back	63,028	-
Value of bonus shares issue	-	(19,049)
	<u>22,439,790</u>	<u>18,328,004</u>
Balance	<u>22,439,790</u>	<u>18,328,004</u>

22 Employee benefit obligations

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

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Other long term employee benefits	8,523	9,085
Total employee benefit liabilities	<u>8,523</u>	<u>9,085</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.

Notes to the Financial Statements

22 Employee benefit obligations (cont'd)

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

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Balance as at 1st January	9,085	6,632
<i>Included in profit or loss:</i>		
Current service cost/Provision	2,171	1,214
Past service (income)/cost	(3,798) -	-
Interest cost	1,542	985
Remeasurement Loss/(gains)	(477)	1,016
<i>Net (credit)/charge to profit or loss</i>	(562)	3,215
Benefits paid by the employer	-	(762)
Balance	8,523	9,085

(d) Actuarial Assumptions

Key actuarial assumptions relating to measurements of employee benefit obligations involves estimates and assumptions, but is not considered to have a risk of material adjustment for the year 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 Dec. 2023	31 Dec. 2022
	%	%
Long-term average discount rate (p.a.)	14.8%	13.7%
Future average pay increase (p.a.)	12.0%	12.0%
Average duration in years (Long Service Awards)	10	5

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

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

Notes to the Financial Statements

22 Employee benefit obligations (cont'd)

Mortality in Service	No of deaths in year out of 10,000 lives	
Sample age	%	%
25	13.2	13.2
30	12.0	12.0
35	9.0	9.0
40	6.0	6.0
45	5	5

Rates		
Withdrawal from Service		
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 year	-1%	8,499
Age rated up by 1 year	+1%	8,545

Notes to the Financial Statements

	31 Dec. 2023	31 Dec. 2022
23 Contract Liabilities		
	₦'000	₦'000
At 1 January	2,221,109	310,771
Amount recognized as revenue during the year	(1,973,489)	(118,319)
Advance received from customers at year end	5,483,005	1,956,921
Closing	<u>5,835,729</u>	<u>2,221,109</u>

- (a.) Revenue is recognized when control of goods is 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 recognized as contract liabilities until the goods have been delivered to the customer.

We received an advance of NGN 5.5b as at the year-end which accounted for significant change in the contract liability in the current year.

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

24 Dividends

(a) Declared dividends

The directors have proposed a dividend of N2.36K per share for the year (2022: Nil) on 342,884,706 ordinary shares of 50 kobo each, being the ordinary shares in issue at the end of the year subject to approval of the shareholders at the Annual General Meeting.

(b) Dividend payable

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
At 1 January	169,851	169,851
Payments	(2,254)	-
Unclaimed dividend written back to retained earnings (see 24(d))	(63,028)	-
At 31 December	<u>104,569</u>	<u>169,851</u>

- (c) Included in the dividend payable balance at year end is an amount of NGN 21.72 million (2022: NGN23.97 million), which is held with the Company's registrar, First Registrars and Investor Services Limited. The dividend payable as at year 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.

Notes to the Financial Statements

25 Trade and other payables

	31 Dec. 2023	31 Dec. 2022
	N'000	N'000
Trade payables (Note 25(a))	4,842,421	3,015,108
Accrued expenses	660,909	1,064,651
Amounts due to joint arrangement partners (Note 25(b))	153,377	140,246
Bridging allowance (Note 25(c))	6,250,144	6,108,284
Amounts due to related parties (Note 31(e))	7,761,059	3,986,276
<i>Total financial liabilities</i>	19,667,910	14,314,565
<i>Non-financial liabilities</i>		
Statutory deductions (Note 25(d))	176,664	173,555
Security deposits (Note 25(e))	1,885,598	1,580,306
	2,062,262	1,753,861
	21,730,172	16,068,426

- (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 year (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 Equalization 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 year 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 yearly basis to cater for probable losses from sales to customers. See Notes 30(aiii).

These deposits do not bear interest and are refundable to the dealers at any time 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 Dec. 2023	31 Dec. 2022
	₦'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 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Balance as at 1 January	1,411,105	1,411,105
Additions	235,548,091	34,533,787
Repayments	(235,548,091)	(34,533,787)
Balance (Note 17c)	1,411,105	1,411,105

- a) The interest expense incurred in the year relating to overdraft and short-term borrowing is NGN42.89 million (2022: NGN42.9 million).

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

27 Prepayments

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Other Prepayments-Rent, Insurances & others	188,665	149,123
	188,665	149,123

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Non-current portion	-	-
Current portion	188,665	149,123
	188,665	149,123

Movement in prepayment

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Balance as at 1st January	149,123	56,416
Addition	440,071	341,261
Release to profit or loss	(400,529)	(248,554)
Balance	188,665	149,123

Notes to the Financial Statements

28 Provisions

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Balance at 1st January	224,179	98,430
Decommissioning provisions made during the year on existing leases	39,564	5,371
On newly onboard leases	8,553	-
Reversal of legal provision	-	(46,139)
Changes in estimate	(127,449)	170,702
Reversal on decommissioning provision on terminated leases	<u>(819)</u>	<u>(4,185)</u>
 Balance	 <u>144,028</u>	 <u>224,179</u>
 Non-current-Asset Retirement Obligation	 144,028	 224,179
Current-Legal	<u>-</u>	<u>-</u>
	 <u>144,028</u>	 <u>224,179</u>
	 31 Dec. 2023	 31 Dec. 2022
	₦'000	₦'000
Legal	-	-
Asset Retirement Obligation	<u>144,028</u>	<u>224,179</u>
	 <u>144,028</u>	 <u>224,179</u>

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 years, and some are with renewal clauses.

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

29 Lease Liabilities

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

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

Notes to the Financial Statements

29 Lease Liabilities (cont'd)

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 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Cost:		
Cost as at 1 January	1,220,333	1,107,948
Cash additions	107,500	-
Other Additions	30,921	-
Changes in estimate	(127,449)	170,702
Lease terminated	(74,287)	(58,317)
	<u>1,157,018</u>	<u>1,220,333</u>
 Allowance for depreciation:		
Balance at 1st January	382,302	305,615
Charge for the year	135,940	98,604
Depreciation on lease cancelled	(25,803)	(21,917)
	<u>492,439</u>	<u>382,302</u>
 Carrying Amount as at the year end	664,579	838,031

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

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

ii Amounts recognized in profit or loss

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Depreciation expense on right-of-use assets (Note 9)	135,940	98,604
Interest expense on lease liabilities (Note 11)	53,680	55,849
	<u>53,680</u>	<u>55,849</u>

iii Lease liabilities

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Balance at 1st January	524,257	509,387
Interest on lease liability	53,680	55,849
Additions to lease liability	43,868	-
Lease liability terminated	(26,584)	(18,761)
Interest reversal on terminated leases	-	(11,218)
Lease payments	(40,500)	(11,000)
	<u>554,721</u>	<u>524,257</u>
 Balance as at year end	554,721	524,257

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

Notes to the Financial Statements

29 Lease liabilities (cont'd)

The timing of the lease liabilities is as follows:

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Current	472,568	420,676
Non-Current	82,153	103,581
	554,721	524,257

Maturity Analysis of lease liabilities

	Amount	Amount
	₦'000	₦'000
Year 1	472,568	420,676
Year 2	67,877	44,390
Year 3 and above	14,276	59,191
	554,721	524,257

Extension options:

Some leases contain extension options exercisable by the Company at the expiration of the non-cancellable contract year. 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

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.

Notes to the Financial Statements

30 Financial Risk Management & Financial Instruments (cont'd)

Risk management framework (cont'd)

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.

(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 recognized in profit or loss were as follows:

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Impairment loss/(reversal) on trade receivables Note 30(a)(iv)	527,189	(503,708)
Impairment of Petroleum Equalization Fund receivables (Note 30(a)(iv))	19,370	500,000
(Reversal)/impairment loss on related party receivables (Note 30(a)(iv))	(354,604)	314,704
	191,955	310,996

(i) Maximum credit exposure

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

	31 Dec. 2023			31 Dec. 2022		
	Gross	Impairment	Net	Gross	Impairment	Net
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Trade receivables	3,305,544	(2,010,985)	1,294,559	2,738,916	(1,483,796)	1,255,120
Due from related parties	1,046,154	(4,453)	1,041,701	556,510	(359,057)	197,453
Due from regulators (Government entities):						
Petroleum Equalization Fund (PEF)	8,045,012	(665,962)	7,379,050	9,950,791	(646,592)	9,304,199
DMO holdback	1,600,000	-	1,600,000	1,600,000	-	1,600,000
- Other receivables	148,511	-	148,511	91,106	-	91,106
Cash and cash equivalent	5,907,533	-	5,907,533	3,216,445	-	3,216,445
	20,052,754	(2,681,400)	17,371,354	18,153,768	(2,489,445)	15,664,323

(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 analyzed 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.

Notes to the Financial Statements

30 Financial Risk Management & Financial Instruments (cont'd)

Risk management framework (cont'd)

(a) Credit risk (cont'd)

(ii) Trade and other receivables (cont'd)

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 recognized because of collateral.

At 31 December 2023, the exposure to credit risk for trade receivables and contract assets by type of counterparty was as follows.

	31 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Retail customers	1,395,373	1,791,803
Commercial and industrial	1,168,287	244,859
Aviation	741,884	702,254
	3,305,544	2,738,916

(iii) Expected credit loss assessment as at 31 December 2023

Expected credit loss assessment for government and related party receivables at 31 December 2023

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

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

Expected credit loss assessment for trade receivables at 31 December 2023

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

Notes to the Financial Statements

30 Financial Risk Management & Financial Instruments (cont'd)

Risk management framework (cont'd)

(a) Credit risk (cont'd)

(iii) Expected credit loss assessment as at 31 December 2023 (cont'd)

Expected credit loss assessment for government and related party receivables at 31 December 2023 (cont'd)

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 December 2023.

Retail Customers 31 December 2023	Weighted average Loss rate %	Gross carrying amount ₦'000	Loss allowance ₦'000
Not past due nor impaired *	0.00%	1,008,403	-
Current (Not past due)	0.00%	-	-
1–30 days past due	96.08%	17	16
31–60 days past due	98.67%	66	65
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
		1,395,373	386,968

Retail Customers 31 December 2022	Weighted average Loss rate %	Gross carrying amount ₦'000	Loss allowance ₦'000
Not past due nor impaired *	0.00%	1,126,730	-
Current (Not past due)	60.74%	49,012	29,772
1–30 days past due	63.94%	21,890	13,997
31–60 days past due	67.12%	39,861	26,756
61–180 days past due	74.61%	35,541	26,518
181–365 days past due	89.20%	154,326	137,661
More than 365 days past due	100.00%	364,443	364,443
		1,791,803	599,147

Notes to the Financial Statements

30 Financial Risk Management & Financial Instruments (cont'd)

Risk management framework (cont'd)

(a) Credit risk (cont'd)

(iii) Expected credit loss assessment as at 31 December 2023 (cont'd)

Expected credit loss assessment for government and related party receivables at 31 December 2023 (cont'd)

Commercial/Industries customers 31 December 2023	Weighted average Loss rate %	Gross carrying amount ₦'000	Loss allowance ₦'000
Not past due nor impaired *	0.00%	170,701	
Current (Not past due)	88.78%	45,166	40,096
1–30 days past due	90.86%	135,599	123,205
31–60 days past due	99.64%	197,423	196,706
61–180 days past due	100.00%	11,659	11,659
181–365 days past due	88.79%	15,185	15,185
More than 365 days past due	100.00%	592,554	592,554
		1,168,287	977,743
Commercial/Industries customers 31 December 2022	Weighted average Loss rate %	Gross carrying amount ₦'000	Loss allowance ₦'000
Current (Not past due)	0.00%	-	-
1–30 days past due	61.17%	27,621	16,896
31–60 days past due	68.18%	44	30
61–180 days past due	72.12%	9,603	6,926
181–365 days past due	85.05%	24,309	20,674
More than 365 days past due	100.00%	183,282	183,280
		244,859	227,806
Aviation customers 31 December 2023	Weighted average Loss rate %	Gross carrying amount ₦'000	Loss allowance ₦'000
Not past due nor impaired *	0.00%	95,573	-
Current (Not past due)	0.00%	-	-
1–30 days past due	100.00%	-	-
31–60 days past due	98.04%	1,763	1,728
61–180 days past due	100.00%	-	-
181–365 days past due	100.00%	-	-
More than 365 days past due	100.00%	644,548	644,448
		741,884	646,276

Notes to the Financial Statements

30 Financial Risk Management & Financial Instruments (cont'd)

Risk management framework (cont'd)

(a) Credit risk (cont'd)

(iii) Expected credit loss assessment as at 31 December 2023 (cont'd)

Expected credit loss assessment for government and related party receivables at 31 December 2023 (cont'd)

Aviation customers 31 December 2022	Weighted average Loss rate %	Gross carrying amount ₦'000	Loss allowance ₦'000
Not past due nor impaired *	0.00%	28,528	-
Current (Not past due)	54.89%	24,164	13,263
1–30 days past due	0.00%	-	-
31–60 days past due	00.00%	-	-
61–180 days past due	83.51%	4,364	3,644
181–365 days past due	91.17%	59,592	54,328
More than 365 days past due	100.00%	585,607	585,607
		702,255	656,842

* This is not considered for impairment as it is covered by security deposits. (See Note 25e).

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

30 Financial Risk Management & Financial Instruments (cont'd)

Risk management framework (cont'd)

(a) Credit risk (cont'd)

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 follows:

	1-Jan-2022	Recognized in profit or loss	31-Dec- 2022	Recognized in profit or loss	31- Dec- 2023
	₦'000	₦'000	₦'000	₦'000	₦'000
Trade receivables	1,987,502	(503,706)	1,483,796	527,189	2,010,985
PEF receivables	146,592	500,000	646,592	19,370	665,962
Related party receivables	44,353	314,704	359,057	(354,604)	4,453
Total	2,178,447	310,998	2,489,445	191,955	2,681,400

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 ₦7.38billion (Dec 2022: ₦9.30 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 2022: ₦6.11billion) 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 include 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 was no impairment loss recognized in this category of receivables during the year. (Dec 2022: Nil).

viii) Cash and cash equivalents

The Company held cash and cash equivalents of ₦5.9 billion as at 31 December 2023 (Dec 2022: ₦3.2 billion), which represents its maximum credit exposure on these assets. The credit risk on this is not significant as cash and cash equivalent reside with banks that have good credit ratings issued by reputable international rating agencies.

Notes to the Financial Statements

30 Financial Risk Management & Financial Instruments (cont'd)

Risk management framework (cont'd)

(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 utilized to meet its liquidity requirements.

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

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

	Notes	Carrying amount ₦'000	Contractual cash flows ₦'000	6 months or less ₦'000
Non-derivative financial liabilities				
31 December 2023				
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 liabilities	29	554,721	554,721	554,721
		<u>21,738,305</u>	<u>21,738,305</u>	<u>21,738,305</u>
31-Dec-22				
Overdraft and other short-term borrowings	26	1,411,105	1,411,105	1,411,105
Dividend payable	24(b)	169,851	169,851	169,851
Trade and other payables	25	14,314,565	14,314,565	14,314,565
Lease liabilities	29	524,257	524,257	524,257
		<u>16,419,778</u>	<u>16,419,778</u>	<u>16,419,778</u>

Notes to the Financial Statements

30 Financial Risk Management & Financial Instruments (cont'd)

Risk management framework (cont'd)

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.

Exposure to currency risk

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

	31 Dec. 2023	31 Dec. 2022
	'000	'000
Financial assets		
<i>Trade and other receivables</i>		
USD	238	233
<i>Cash and cash equivalents</i>		
USD	25	554
Financial liabilities		
Short- term borrowings		
USD	-	-
<i>Trade and other payables</i>		
USD	(1,167)	(10,766)
Net statement of financial position exposure - USD	(904)	(9,979)

Notes to the Financial Statements

30 Financial Risk Management & Financial Instruments (cont'd)

Risk management framework (cont'd)

c) Market risk (cont'd)

Sensitivity analysis

A strengthening of the Naira, as indicated below against the Dollar at 31 December would have increased profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting year and has no impact on equity.

31-Dec-23	Decrease in profit or loss N'000
USD (10 percent strengthening)	(45,091)
31-Dec-22	
USD (10 percent strengthening)	(288,069)

The following significant exchange rates were applied during the year

	Average rate 31 Dec. 2023 N	Average rate 31 Dec. 2022 N	Reporting date spot rate 31 Dec. 2023 N	Reporting date spot rate 31 Dec. 2022 N
US Dollar	899.39	430.95	898.89	448.55

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

*Included in trade payables is an amount of ₦990.5 million (Dec 2022: NGN377.4 million), due to one of the Company's vendors which bears interest on expiration of credit policy granted to the Company.

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

Notes to the Financial Statements

30 Financial Risk Management & Financial Instruments (cont'd)

Risk management framework (cont'd)

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 Dec. 2023	31 Dec. 2022
	₦'000	₦'000
Total borrowings (Note 26)	1,411,105	1,411,105
Less: Cash and cash equivalents (Note 20)	<u>(5,907,533)</u>	<u>(3,216,445)</u>
Adjusted net debt	<u>(4,496,428)</u>	<u>(1,805,340)</u>
Total equity	22,611,232	18,499,446
Total capital employed	<u>18,114,804</u>	<u>16,694,106</u>
Adjusted net debt to equity ratio	<u>(0.199)</u>	<u>(0.098)</u>

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 categorized as follows:

	Carrying amount		
	Financial assets at amortised cost	Other financial liabilities	Total
	₦'000	₦'000	₦'000
31 December 2023			
Financial assets not measured at fair value			
Trade and other receivables (Note 17)	11,463,821	-	11,463,821
Cash and cash equivalents (Note 20)	<u>5,907,533</u>	<u>-</u>	<u>5,907,533</u>
	<u>17,371,354</u>	<u>-</u>	<u>17,371,354</u>
Financial liabilities not measured at fair value			
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 24)	-	104,569	104,569
	<u>-</u>	<u>21,183,584</u>	<u>21,183,584</u>
	<u>-</u>	<u>21,183,584</u>	<u>21,183,584</u>

Notes to the Financial Statements

30 Financial Risk Management & Financial Instruments (cont'd)

Risk management framework (cont'd)

e) Fair value disclosures (cont'd)

Accounting classification and fair value (cont'd)

	Carrying amount		
	Financial assets at amortized cost ₦'000	Other financial liabilities ₦'000	Total ₦'000
31 December 2022			
Financial assets not measured at fair value			
Trade and other receivables (Note 17)	12,447,880	-	12,447,880
Cash and cash equivalents (Note 20)	3,216,445	-	3,216,445
	15,664,325	-	15,664,325
Financial liabilities not measured at fair value			
Short term borrowings (Note 26)	-	1,411,105	1,411,105
Trade and other payables (Note 25)	-	14,314,565	14,314,565
Dividend payable (Note 24)	-	104,569	104,569
	-	15,830,239	15,830,239
	-	15,830,239	15,830,239

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.

31 Related party transactions

(i) Parent and ultimate controlling entity

As at the year ended 31 December 2023, MRS Africa Holdings Limited (incorporated in Bermuda) owned 60% of the issued share capital of MRS Oil Nigeria Plc. MRS Africa Holdings Limited is a subsidiary of Corlay Global SA. The ultimate holding company is Corlay Global SA incorporated in Panama.

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

(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 year:

Notes to the Financial Statements

31 Related party transactions (cont'd)

(i) Parent and ultimate controlling entity

(a) MRS Oil and Gas Limited (MOG)

Nature of transactions	31 Dec. 2023	31 Dec. 2022
	N'000	N'000
Sales of goods	1,080,000	214,229
Staff Secondment	-	-
Product purchase	(11,476,140)	(6,088,800)
AGO Internal Consumption	(342,064)	(221,028)

In current year, 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 year was ₦10.7 billion (Dec 2022: ₦6.1 billion).

The net balance due to MOG is ₦2.32billion (Dec 2022: ₦38.28 million due from 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 2022: ₦1.78 billion)

(c) MRS Holdings Limited

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

Nature of transactions	31 Dec. 2023	31 Dec. 2022
	N'000	N'000
Management fees	(612,970)	(431,983)
Sale of goods	5,812	230,882

Net balance due to MRS Holdings Limited was ₦815.6million (Dec 2022: ₦1.60 billion)

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

	31 Dec. 2023	31 Dec. 2022
	N'000	N'000
MRS Benin S. A.	135,751	67,740
Corlay Togo S. A.	24,944	11,137
Corlay Benin S. A	20,891	9,476
Corlay Cote D'Ivoire	(227,391)	(113,469)
Corlay Cameroun S. A.	32,132	16,034
	<u>(13,673)</u>	<u>(9,082)</u>

Notes to the Financial Statements

31 Related party transactions (cont'd)

(i) Parent and ultimate controlling entity

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

Nature of transactions		31 Dec. 2023	31 Dec. 2022
		₦'000	₦'000
Management fees		(612,970)	(431,983)
Sale of goods		5,812	230,882

Nature of transactions		31 Dec. 2023	31 Dec. 2022
		₦'000	₦'000
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 Dec. 2023		31 Dec. 2022	
	₦'000	₦'000	₦'000	₦'000
	Receivables	Payables	Receivables	Payables
MRS Oil and Gas Limited (MOG)	826,624	(3,146,971)	452,124	(490,407)
MRS Africa Holdings Limited	5,812	(821,419)	-	(1,603,311)
Petrowest	-	(3,565,279)	-	(1,779,090)
MRS Benin S. A.	135,751	-	67,740	-
Corlay Togo S. A.	24,944	-	11,137	-
Corlay Benin S. A.	20,891	-	9,476	-
Corlay Cote D'Ivoire	-	(227,390)	-	(113,468)
Corlay Cameroun S. A.	32,132	-	16,034	-
	<u>1,046,154</u>	<u>(7,761,059)</u>	<u>556,511</u>	<u>(3,986,276)</u>

All related parties' balances are receivable/payable on demand.

Notes to the Financial Statements

31 Related party transactions (cont'd)

(ii.) Key management personnel compensation

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

Short term employee benefits

(ii) 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 ₦19.71 billion, and the 5% disclosure limit is ₦971million. During the year, the Company had entered into transactions above the 5% disclosure limit with MRS Oil and Gas Limited.

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 4.

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.

Notes to the Financial Statements

32 Segment reporting (cont'd)

Segment revenues and cost of sales

Dec-23	Revenue		Cost of sales		Gross profit		Margin
	₦'000	% of Total	₦'000	% of Total	₦'000	% of Total	
Retail/C&I	171,370,157	94%	157,374,158	94%	13,995,999	93.3%	8%
Aviation	6,443,180	4%	6,076,365	4%	366,815	2.4%	6%
Lubes	4,497,626	2%	3,858,508	2%	639,118	4.3%	14%
Total	182,310,963	100%	167,309,031	100%	15,001,932	100%	

Dec-22	Revenue		Cost of sales		Gross profit		Margin
	₦'000	% of Total	₦'000	% of Total	₦'000	% of Total	
Retail/C&I	90,071,428	89%	82,294,428	89%	7,777,000	91%	9%
Aviation	6,855,383	7%	6,309,255	7%	546,128	6%	8%
Lubes	3,853,069	4%	3,601,270	4%	251,799	3%	7%
Total	100,779,880	100%	92,204,953	100%	8,574,927	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 December 2023 and on the profit for the year ended on that date that have not been taken into account nor disclosed 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 December 2023 is ₦7.42 billion. Per the assessment of the Company's legal team, the estimated liability is about ₦453.6 million (Dec 2022: ₦711.93million). The actions are being contested and the directors are of the opinion that no significant liability will arise from these legal cases. Also, the sum of ₦388.7 million (Dec 2022: ₦137.84) represents the value of law cases instituted by the company as the end of the reporting year.

(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.

Notes to the Financial Statements

35 Comparative figures

Certain comparative balances have been reclassified to conform to the current year grouping.

Reclassified from	Reclassified to	Naira N'000
Admin. Expenses - Maintenance *	Selling and distribution expenses	418,765
Admin. Expenses - Net foreign exchange loss **	Face of the SOCI	659,647

* The reclassified expenses relate to repairs 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.

Other National Disclosures

Other National Disclosures
Statement of Value Added

	31 Dec. 2023		31 Dec. 2022	
	₦'000	%	₦'000	%
Revenue	182,310,963		100,779,880	
Other income	232,316		254,883	
Finance income	<u>122,493</u>		<u>24,950</u>	
Bought in materials and services	182,665,772		101,059,713	
- Local	<u>(175,192,486)</u>		<u>(97,476,942)</u>	
Value added by operating activities	<u>7,473,286</u>	100	<u>3,582,771</u>	100
Distribution of Value Added				
To Employees:				
Salaries, wages, fringe and end of service benefits	602,306	8	447,947	13
To Government as:				
Taxation	1,904,934	26	623,587	17
To Providers of Finance:				
- Finance cost	136,142	2	105,685	3
Retained in the Business				
To maintain and replace:				
- Property, plant and equipment	700,597	9	608,771	17
- Intangible assets	49,633	-	22	-
- Deferred Taxes	30,916	-	480,657	13
To augment retained earnings	<u>4,048,758</u>	<u>55</u>	<u>1,316,102</u>	<u>37</u>
Value added	<u>7,473,286</u>	100	<u>3,582,771</u>	100

Other National Disclosures
Five-Year Financial Summary

Statement of financial position

	2023	2022	2021	2020	2019
	₦'000	₦'000	₦'000	₦'000	₦'000
Revenue	182,310,963	100,779,880	71,976,255	41,981,439	65,567,458
Results from operating activities	5,998,257	2,501,081	668,080	(2,113,846)	(2,022,918)
Profit/(loss) before taxation	5,984,608	2,420,346	325,025	(2,307,673)	(1,892,198)
Profit/(loss)for the year	<u>4,048,758</u>	<u>1,316,102</u>	<u>339,873</u>	<u>(2,264,145)</u>	<u>(1,613,082)</u>
Comprehensive income/(loss) for the year	<u>4,048,758</u>	<u>1,316,102</u>	<u>339,873</u>	<u>(2,264,145)</u>	<u>(1,613,082)</u>

Ratios

Earnings/(loss) per share (Kobo)	<u>1,181</u>	<u>384</u>	<u>112</u>	<u>(743)</u>	<u>(529)</u>
Net assets per share (kobo)	<u>6,594</u>	<u>5,395</u>	<u>5,638</u>	<u>5,526</u>	<u>6,269</u>

Statement of financial position

	2023	2022	2021	2020	2019
	₦'000	₦'000	₦'000	₦'000	₦'000
Employment of Funds:					
Non-current assets	20,313,217	15,815,991	15,544,912	15,834,068	17,357,826
Net current assets	3,044,291	3,500,957	2,206,742	1,952,699	3,167,485
Non-current liabilities	<u>(746,276)</u>	<u>(817,502)</u>	<u>(568,310)</u>	<u>(943,296)</u>	<u>(1,417,695)</u>
Net assets	<u>22,611,232</u>	<u>18,499,446</u>	<u>17,183,344</u>	<u>16,843,471</u>	<u>19,107,616</u>
Funds Employed					
Share capital	171,442	171,442	152,393	152,393	152,393
Retained earnings	<u>22,439,790</u>	<u>18,328,004</u>	<u>17,030,951</u>	<u>16,691,078</u>	<u>18,955,223</u>
	<u>22,611,232</u>	<u>18,499,446</u>	<u>17,183,344</u>	<u>16,843,471</u>	<u>19,107,616</u>

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 behaviour. An extract of this Policy can be found on the company's website.

Free Float Computation

Shareholding Structure/Free Float Status

Description	31 Dec. 2023		31 December 2022	
	Unit	%	Unit	%
Issued Share Capital	342,884,706	100.00	342,884,706	100.00
Substantial Shareholdings (5% and above)				
MRS Africa Holdings Limited	205,730,806	60.00%	205,730,806	60.00%
First Pen Cust/Asset Management Corporation of Nigeria	35,909,817	10.47%	35,909,817	10.47%
Total Substantial Shareholdings	241,640,623	70.47%	241,640,623	70.47%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
Ms. Amina Maina	37,278	0.01%	37,278	1.0%
Sir Sunday N. Nwosu	5,914	0.00%	7,089	0.2%
Mr Mathew Akinlade	642	0.00%	642	0.0%
Total Directors' Shareholdings	43,834	0.01%	45,009	1.2%
Free Float in Units and Percentage	101,200,247	29.52%	101,199,073	28.33%
Free Float in Value	10,626,025,974		1,426,906,926	

Declaration:

- (A) MRS Oil Nigeria Plc with a free float percentage of 29.52% as at 31 December 2023, is compliant with The Exchange's free float requirements for companies listed on the Main Board.
- (B) MRS Oil Nigeria Plc with a free float value of ₦10.6 billion as at 31 December 2023, is compliant with The Exchange's free float requirements for companies listed on the Main Board.