



**TOTAL NIGERIA PLC**  
**UNAUDITED FINANCIAL STATEMENT**  
31 March, 2018

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# TOTAL NIGERIA PLC

## RESULTS AT A GLANCE FOR THE PERIOD ENDED

	<b>31 March 2018</b>	<b>31 March 2017</b>	<b>Change</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>%</b>
Revenue	75,646,424	80,462,810	(6)
Profit before taxation	2,628,790	4,250,361	(38)
Profit for the period	1,669,128	2,671,515	(38)
Share capital	169,761	169,761	-
Shareholders' funds	29,894,679	26,241,612	14

	<b>31 March 2018</b>	<b>31 March 2017</b>	<b>Change</b>
			<b>%</b>
<b>PER SHARE DATA:</b>			
<i>Based on 339,521,837 ordinary shares of 50 kobo each:</i>			
<i>Earnings per 50 kobo share (Naira) - basic</i>	4.92	7.87	(38)
<i>Stock exchange quotation (Naira)</i>	249.00	269.98	(8)

Number of staff	473	480	(1)
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## TOTAL NIGERIA PLC

### STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED

		31 March 2018	31 December 2017
	Note	N'000	N'000
<b>Non-current assets</b>			
Property, plant and equipment	16	29,413,347	28,519,814
Intangible assets	15	49,566	50,572
Prepayments	19	3,169,555	4,291,217
Trade and other receivables	18.1	2,690,774	2,875,395
<b>Total non-current assets</b>		<b>35,323,242</b>	<b>35,736,998</b>
<b>Current Assets</b>			
Inventories	17	25,937,303	26,666,240
Trade and other receivables	18	50,491,537	32,726,367
Prepayments	19	1,836,836	571,724
Cash and cash equivalents	23	3,126,127	12,162,802
		81,391,803	72,127,133
Assets held-for-sale	16.2	108,063	117,742
<b>Total current assets</b>		<b>81,499,866</b>	<b>72,244,875</b>
<b>Total assets</b>		<b>116,823,108</b>	<b>107,981,873</b>
<b>Equity</b>			
Share capital	22	169,761	169,761
Retained earnings		29,724,918	28,055,790
<b>Total Equity</b>		<b>29,894,679</b>	<b>28,225,551</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	11.3	2,665,561	2,393,262
Deferred income	21.3	4,500	6,000
Employee benefits	12	383,780	418,152
<b>Total non-current liabilities</b>		<b>3,053,841</b>	<b>2,817,414</b>
<b>Current liabilities</b>			
Trade and other payables	21	65,412,858	63,419,933
Deferred income	21.2	77,281	78,781
Current tax liabilities	11.2	930,198	305,171
Borrowings	20	17,454,251	13,135,023
<b>Total current liabilities</b>		<b>83,874,588</b>	<b>76,938,908</b>
<b>Total liabilities</b>		<b>86,928,429</b>	<b>79,756,322</b>
<b>Total equity and liabilities</b>		<b>116,823,108</b>	<b>107,981,873</b>

These financial statements were approved by the Board of Directors of the Company on 18 April 2018 and signed on behalf of the Board by:



Jean-Philippe Torres - Managing Director  
FRC/2017/ODN/00000017281



Bruno Dormoy - Executive Director  
FRC/2017/ODN/00000017283

Additionally certified by:



Awazie Sunday - Head of Finance  
FRC/2017/CAN/00000016882

The notes on pages 6 to 40 form an integral part of these financial statements.

# TOTAL NIGERIA PLC

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

		<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>Note</b>	<b>₦'000</b>	<b>₦'000</b>
Revenue	6	75,646,424	80,462,810
Cost of sales	10	<u>(67,318,643)</u>	<u>(71,463,397)</u>
<b>Gross profit</b>		<b>8,327,781</b>	<b>8,999,413</b>
Other income	9	618,846	687,078
Selling & distribution costs	10	(1,235,821)	(1,001,987)
Administrative expenses	10	<u>(4,467,909)</u>	<u>(4,220,943)</u>
<b>Operating profit</b>		<b>3,242,898</b>	<b>4,463,561</b>
Finance income	8	72,359	172,635
Finance costs	8	<u>(686,467)</u>	<u>(385,835)</u>
<b>Net finance costs</b>		<b>(614,108)</b>	<b>(213,200)</b>
<b>Profit before taxation</b>		<b>2,628,790</b>	<b>4,250,361</b>
Taxation	11.1.1	<u>(959,662)</u>	<u>(1,578,846)</u>
<b>Profit for the period</b>		<b>1,669,128</b>	<b>2,671,515</b>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<b>1,669,128</b>	<b>2,671,515</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share	14	<u>4.92</u>	<u>7.87</u>

The notes on pages 6 to 40 form an integral part of these financial statements.

# TOTAL NIGERIA PLC

## STATEMENT OF CHANGES IN EQUITY

*For the period ended 31 March 2018*

	<u>Share capital</u> N'000	<u>Retained earnings</u> N'000	<u>Total equity</u> N'000
<b>Notes</b>			
<b>Balance at 1 January 2018</b>	<u>169,761</u>	<u>28,055,790</u>	<u>28,225,551</u>
<b>Total comprehensive income for the period</b>	<u>-</u>	<u>1,669,128</u>	<u>1,669,128</u>
<b>Transactions with owners of the Company:</b>			
<b>Contributions and Distributions</b>			
Unclaimed dividend written back	13.1 -	-	-
Prior year final dividend	13.1 -	-	-
Current year interim dividend	13.1 -	-	-
Total transactions with owners of the Company	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance at 31 March 2018</b>	<u><u>169,761</u></u>	<u><u>29,724,918</u></u>	<u><u>29,894,679</u></u>

*For the year ended 31 December 2017*

	<u>Share capital</u> N'000	<u>Retained earnings</u> N'000	<u>Total equity</u> N'000
<b>Notes</b>			
<b>Balance as at 1 January 2017</b>	<u>169,761</u>	<u>23,400,336</u>	<u>23,570,097</u>
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>8,019,298</u>	<u>8,019,298</u>
<b>Transactions with owners of the Company:</b>			
<b>Contributions and Distributions</b>			
Unclaimed dividend written back	13.1 -	31,374	31,374
Prior year final dividend	13 -	(2,376,652)	(2,376,652)
Current year interim dividend	13 -	(1,018,566)	(1,018,566)
Total transactions with owners of the Company	<u>-</u>	<u>(3,395,218)</u>	<u>(3,395,218)</u>
<b>Balance at 31 December 2017</b>	<u><u>169,761</u></u>	<u><u>28,055,790</u></u>	<u><u>28,225,551</u></u>

The notes on pages 6 to 40 form an integral part of these financial statements.

## TOTAL NIGERIA PLC

### STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED

		31 March 2018	31 December 2017
	Note	N'000	N'000
Profit for the period		1,669,128	8,019,298
<b>Adjustments for:</b>			
Depreciation	16	989,035	3,460,906
Amortisation	15	7,867	49,934
Provision for Long Service Award		-	219,857
Write down and write back of inventory		1,021	35,156
Gains on sale of PPE	9	(920,009)	(103,142)
Reversal and remeasurement of foreign exchange forward contract	9.2	-	(1,624,000)
Net foreign exchange (gain)/loss	9.2	582,804	(993,424)
Net finance costs	8	614,108	473,931
Taxation	11.1.1	959,662	3,775,985
		<u>3,903,616</u>	<u>13,314,501</u>
<b>Changes in:</b>			
- Inventories		727,916	8,201,448
- Trade and other receivables		(17,707,629)	14,221,029
- Prepayments		(143,450)	155,777
- Trade and other payables		9,364,530	(21,440,794)
- Derivative financial liabilities		-	(1,624,000)
- Deferred income		(3,000)	(138,760)
		<u>(3,858,017)</u>	<u>12,689,200</u>
<b>Cash generated from operating activities</b>		<b>(3,858,017)</b>	<b>12,689,200</b>
Payment for long service award		(34,372)	(25,497)
Interest on loans and receivables	8	46,612	2,299,362
Tax paid	11.2	0	(6,743,576)
Withholding Tax	11.2	(62,336)	(565,703)
		<u>(3,908,113)</u>	<u>7,653,786</u>
<b>Net cash generated from operating activities</b>		<b>(3,908,113)</b>	<b>7,653,786</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	16	(2,014,026)	(7,179,048)
Purchase of intangible assets	15	(6,861)	(26,536)
Interest on deposits	8	25,747	290,515
Proceeds from disposal of property, plant and equipment		943,403	182,666
		<u>(1,051,737)</u>	<u>(6,732,403)</u>
<b>Net cash used in investing activities</b>		<b>(1,051,737)</b>	<b>(6,732,403)</b>
<b>Cash flow from financing activities</b>			
Interest paid	8	(686,467)	(3,063,808)
Trade finance loan		4,585,367	(2,833,564)
Dividends paid	13.1	(606,699)	(6,566,587)
		<u>3,292,201</u>	<u>(12,463,959)</u>
<b>Net cash used in financing activities</b>		<b>3,292,201</b>	<b>(12,463,959)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(1,667,649)</b>	<b>(11,542,575)</b>
Cash and cash equivalents at 1 January		2,587,743	19,016,262
Effect of movement in exchange rates on cash held		(7,102,888)	(4,885,945)
		<u>(6,182,794)</u>	<u>2,587,743</u>
<b>Cash and cash equivalents as at period ended</b>	23	<b>(6,182,794)</b>	<b>2,587,743</b>

The notes on pages 6 to 40 form an integral part of these financial statements.

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 1 The Company

#### Legal form:

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

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

	31 March 2018		31 December 2017	
	Number '000	Holdings %	Number '000	Holdings %
Total Raffinage Marketing	209,560	61.72	209,560	61.72
Other shareholders	129,962	38.28	129,962	38.28
	<b>339,522</b>	<b>100.00</b>	<b>339,522</b>	<b>100.00</b>

No shareholder, except as disclosed above, held more than 10% of the issued share capital of the Company as at 31 March 2018 (2017: Nil).

#### Principal activities

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

#### Description of business

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

No. 4, Churchgate Street  
Victoria Island  
Lagos State

### 2.0 Basis of preparation

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in conformity with the Financial Reporting Council (FRC) of Nigeria Act, 2011 and the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 ("CAMA"). They were approved by the Board of Directors on 18 April, 2018.

#### 2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the provision for long service award which has been measured at the present value of the obligation (Note 12).

#### 2.3 Functional and presentation currency

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



# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 2.4 Financial period

These financial statements cover the financial period from 01 January 2018 to 31 March 2018, with corresponding figures for the financial period from 01 January, 2017 to 31 March, 2017, and where appropriate from 01 January 2017 to 31 December 2017.

### 2.5 Going concern

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

### 2.6 Significant events and transactions.

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

### 2.7 Use of estimates and judgments

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

The significant judgement made by management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at year ended 31 December, 2017.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### (a) *Judgement*

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

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

##### (ii) Recognition of foreign exchange balances

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

##### (b) *Assumptions and estimation uncertainties*

The directors have made certain decisions about assumptions and estimation of uncertainties that have the most significant effect on the amounts recognised as follows:

##### (i) *Employee benefits*

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

##### (ii) *Assets held for sale*

Non-current assets have been classified as held-for-sale as it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets have been measured at the lower of their carrying amount and fair value less costs to sell.

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 3 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January, 2019, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated.

#### **Effective for the financial year commencing 1 January 2019**

- IFRS 16 *Leases*
- IFRIC 23 Uncertainty over Income Tax Treatments

IFRS 14 Regulatory Deferral Accounts, Clarification of acceptable methods of depreciation and amortisation (Amendments to IAS 16 and IAS 38), Accounting for acquisitions of interests in joint operations (Amendments to IFRS 11), Equity Method in Separate Financial Statements (Amendments to IAS 27), Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Associates and Joint Ventures: Asset Transactions - Amendments to IFRS 10 and IAS 28), Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2), Transfer of Investment Property (Amendments to IAS 40), Agriculture: Bearer plants (Amendments to IAS 16 and IAS 41) are not applicable to the business of the Company and will therefore have no impact on future financial statements.

The directors are of the opinion that the impact of the application of the remaining Standards and Interpretations will be as follows:

**TOTAL NIGERIA PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

Standard/Interpretation not yet effective as at 31 December 2017	Date issued by IASB	Effective date Periods beginning on or after	Summary of the requirements and assessment of impact
IFRS 16	Leases	January 2016	<p>1 January 2019</p> <p>Early adoption is permitted only for entities that adopt IFRS 15 Revenue from Contracts with Customers, at or before the date of initial application of IFRS 16.</p> <p>IFRS 16 replaces IAS 17 <i>Leases</i>, IFRIC 4 <i>Determining whether an Arrangement contains a Lease</i>, SIC-15 <i>Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>.</p> <p>The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as operating leases or finance leases as required by IAS 17 and introduces a single lessee accounting model</p> <p>The Company has carried out an impact assessment and has established that there will be no significant impact on its business from the initial application of IFRS 16 as none of the lease agreements fall into the category addressed by the standard. The Company will adopt the standard for the year ending 31 December 2019.</p>

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4 Significant accounting policies

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

#### 4.1 Foreign currency transactions

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

#### 4.2 Revenue and other income

Revenue is measured at the fair value of consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. It also excludes Value Added Tax.

##### (i) Sale of goods

Revenue from the sale of goods is recognised when the following conditions are satisfied :

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

The timing of the transfer of risks and rewards depends on the individual terms of the sales agreement. For self collection, it occurs when the products are loaded onto the customer's trucks and for all other sales, when the products are delivered to the customer's site or in the case of vendor managed sites, when the products are discharged to the customer.

##### (ii) Other income

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

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.3 Finance income and finance costs

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

Reimbursements of foreign exchange loss and/or interest from PPPRA are classified under Operating Activities in the Statement of Cash Flows while interest income on funds invested are classified under investing activities.

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

### 4.4 Income taxes

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

#### *Current Taxes*

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

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

#### *Deferred Tax*

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

Deferred tax is not recognised for:

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

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

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

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

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

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.5 Earnings per share (EPS)

#### i Basic earnings per share

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

#### ii Diluted earnings per share

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

### 4.6 Property plant and equipment

#### i Recognition, derecognition and measurement

Property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment under construction are disclosed as 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 asset to a working condition for their intended use including, where applicable, the cost of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

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

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

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

#### ii Subsequent costs

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

#### iii Depreciation

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

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

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

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

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

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.7 Intangible assets

#### i Recognition and measurement

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

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

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

#### ii Subsequent expenditure

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

#### iii Amortisation of intangible assets

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

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

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

### 4.8 Assets held for sale

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

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

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

### 4.9 Dividends

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

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

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.10 Impairment

#### **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 are 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 the debtors
- Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets

#### **Financial assets measured at amortised cost**

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

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

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

#### **Non financial assets**

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

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

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

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

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



# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.11 Financial instruments

The Company classifies non-derivative financial assets into loans and receivables.

The Company classifies non-derivative financial liabilities into other financial liabilities.

#### i Non-derivative financial assets

The Company initially recognises loans and receivables on the date when they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risk and reward of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company has only loans and receivables as non-derivative financial assets.

#### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Short term receivables that do not attract interest are measured at original invoice amount where the effect of discounting is not material.

Loans and receivables comprise trade receivables, other receivables and employee loans.

#### ii Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company has the following non-derivative financial liabilities: borrowings, trade and other payables.

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

#### iii Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency exposures.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.12 Share capital

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

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

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

### 4.13 Statement of cash flows

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

### 4.14 Cash and cash equivalents

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

### 4.15 Inventories

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

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

The basis of costing inventories are as follows:

Product Type	Cost Basis
Refined Petroleum Products (AGO, ATK, PMS, DPK, LPFO, LPG)	Weighted Average Cost
Packaging Materials, Solar Lamps, Lubricants, Greases, Special fluids and Car care products	Weighted Average Cost
Inventories-in-transit	Purchase cost incurred to date

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.16 Provisions

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

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

### 4.17 Employee benefits

#### i Defined contribution plan

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

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

#### *Gratuity scheme*

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

The Company's obligation are extinguished once the amounts have been transferred to the Fund Managers.

#### ii Other long-term employee benefits

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

#### iii Termination benefits

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

#### iv Short-term employee benefits

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

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

### 4.18 Government grant

Petroleum Products Pricing Regulatory Agency (PPPRA) subsidises the cost of importation of certain refined petroleum products whose prices are regulated in the Nigerian market. The subsidies are recognised when there is reasonable assurance that they will be recovered and the Company has complied with the conditions attached to receiving the subsidy. The subsidies are recognised as a reduction to the landing cost of the subsidised petroleum product.

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.19 Leases

#### **Determining whether an arrangement contains a lease**

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

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

#### **Leased assets**

Assets held by the Company under leases that transfer to the Company substantially all of the risk and reward of ownership are classified as finance lease. The leased assets are measured initially at an amount equal to the lower of the fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Any other type of lease is an operating lease, and is not recognised in the statement of financial position.

#### **Lease payments**

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

### 4.20 Operating Profit

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

### 4.21 Measurement of fair values

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

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

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

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

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

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

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

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 5 Seasonality and Segment Reporting

#### Seasonality of Operations

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

#### Segment Reporting

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

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

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

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

The following summary describes the operations of each reportable segment.

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

Segment revenue reported below represents revenue generated from external customers. There were no inter-segment sales in the current period (2017: Nil). Performance is measured based on segment which correspond with IFRS amounts in the Financial Statement.

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

31 March 2018								
		<u>NETWORK</u>	<u>GENERAL TRADE</u>	<u>AVIATION</u>	<u>TOTAL</u>			
		<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>		
Revenue	74%	56,121,046.02	20%	15,111,511	6%	4,413,868.21	100%	75,646,424
- Petroleum products	81%	24,564,080	4%	1,230,178	15%	4,413,868	100%	30,208,127
- Lubricant and others	69%	31,556,966	31%	13,881,333	0%	-	100%	45,438,299
Gross profit	77%	6,423,915	23%	1,878,510	0%	25,355.19	100%	8,327,781
Finance income	54%	38,781	44%	31,515	3%	2,063	100%	72,359
Finance cost	32%	(220,508)	65%	(446,390)	3%	(19,569)	100%	(686,467)
Taxation	80%	(764,326)	34%	(328,562)	-14%	133,225	100%	(959,662)
Increase/ (writeback) of Impairment allowance	-19%	32,607	975%	(1,641,979)	-856%	1,440,976	100%	(168,396)
Depreciation and amortisation	93%	(925,634)	7%	(71,155)	0%	(112)	100%	(996,901)

31 March 2017								
		<u>NETWORK</u>	<u>GENERAL TRADE</u>	<u>AVIATION</u>	<u>TOTAL</u>			
		<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>		
Revenue	74%	56,996,279	16%	19,776,350	9%	3,690,181	100%	80,462,810
- Petroleum products	76%	47,840,790	18%	11,317,307	6%	3,690,181	100%	62,848,277
- Lubricant and others	52%	9,155,490	48%	8,459,043	0%	-	100%	17,614,533
Gross profit	79%	7,029,920	19%	2,205,617	2%	(236,124)	100%	8,999,413
Finance income	74%	146,049	20%	18,817	6%	7,769	100%	172,635
Finance cost	76%	(326,416)	23%	(42,056)	1%	(17,363)	100%	(385,835)
Taxation	75%	(1,147,612)	25%	(691,299)	0%	260,066	100%	(1,578,846)
Increase/ (writeback) of Impairment allowance	-8%	4,200	105%	35,195	4%	62	100%	39,457
Depreciation and amortisation	83%	(745,654)	13%	(96,929)	5%	(94)	100%	(842,677)

## TOTAL NIGERIA PLC

### NOTES TO THE FINANCIAL STATEMENTS

#### 5.2 Segment assets and liabilities

31 March 2018								
		<u>NETWORK</u>		<u>GENERAL TRADE</u>		<u>AVIATION</u>		<u>TOTAL</u>
		₦'000		₦'000		₦'000		₦'000
Non-current assets	81%	28,734,213	13%	4,549,558	6%	2,039,471	100%	35,323,242
Assets held-for-sale	34%	36,648	66%	71,415	0%	-	100%	108,063
Inventories	66%	17,163,995	25%	6,403,580	9%	2,369,728	100%	25,937,303
Receivables and prepayments	51%	26,894,120	38%	20,114,514	10%	5,319,739	100%	52,328,373
Cash and cash equivalents <sup>1</sup>	74%	2,319,231	20%	624,491	6%	182,405	100%	3,126,127
<b>ASSETS</b>		<b>75,148,207</b>		<b>31,763,558</b>		<b>9,911,343</b>		<b>116,823,108</b>
Addition to non-current assets	81%	(336,577)	13%	(53,291)	6%	(23,889)	100%	(413,756)
Payables, deferred income and current tax liabilities	78%	51,617,291	19%	12,672,896	3%	2,130,150	100%	66,420,337
Borrowings <sup>1</sup>	74%	12,949,071	20%	3,486,749	6%	1,018,432	100%	17,454,251
Non-current liabilities	92%	2,809,506	6%	184,222	2%	60,111	100%	3,053,841
<b>LIABILITIES</b>		<b>67,375,868</b>		<b>16,343,867</b>		<b>3,208,693</b>		<b>86,928,429</b>

31 December 2017								
		<u>NETWORK</u>		<u>GENERAL TRADE</u>		<u>AVIATION</u>		<u>TOTAL</u>
		₦'000		₦'000		₦'000		₦'000
Non-current assets	81%	29,070,789	13%	4,602,849	6%	2,063,361	100%	35,736,998
Assets held-for-sale	34%	39,931	66%	77,811	0%	-	100%	117,742
Inventories	66%	17,646,369	25%	6,583,545	9%	2,436,326	100%	26,666,240
Receivables and prepayments	51%	17,113,524	38%	12,799,460	10%	3,385,107	100%	33,298,091
Cash and cash equivalents <sup>1</sup>	74%	9,023,416	20%	2,429,703	6%	709,683	100%	12,162,802
<b>ASSETS</b>		<b>72,894,029</b>		<b>26,493,368</b>		<b>8,594,477</b>		<b>107,981,873</b>
Addition to non-current assets	81%	4,538,755	13%	718,632	6%	322,148	100%	5,579,536
Payables, deferred income and current tax liabilities	78%	49,583,966	19%	12,173,681	3%	2,046,238	100%	63,803,885
Borrowings <sup>1</sup>	74%	9,744,694	20%	2,623,918	6%	766,411	100%	13,135,023
Non-current liabilities	92%	2,591,996	6%	169,960	2%	55,458	100%	2,817,414
<b>LIABILITIES</b>		<b>61,920,656</b>		<b>14,967,559</b>		<b>2,868,107</b>		<b>79,756,322</b>

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

#### 5.3 Geographic information

The Company is domiciled in Nigeria. During the period, it sold products to some of its affiliates in Congo and Cameroon.

The geographic information analyses the Company's revenue and cost of sales by the Company's country of domicile and other countries.

Revenue	31 March 2018		31 March 2017	
	₦'000		₦'000	
Nigeria	75,424,238		80,462,810	
Congo	159,305		-	
Cameroon	62,881		-	
	<u>75,646,424</u>		<u>80,462,810</u>	
Cost of sales	31 March 2018		31 March 2017	
	₦'000		₦'000	
Nigeria	67,141,187		71,463,397	
Congo	128,571		-	
Cameroon	48,885		-	
	<u>67,318,643</u>		<u>71,463,397</u>	

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

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED

### 6 Revenue

An analysis of the Company's revenue is as follows:

	<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>₦'000</b>	<b>₦'000</b>
Petroleum products	63,172,263	67,414,499
Lubricants and others	12,474,161	13,048,311
	<u>75,646,424</u>	<u>80,462,810</u>

### 7 Auditor's remuneration

The analysis of auditors' remuneration is as follows:

	<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>₦'000</b>	<b>₦'000</b>
Statutory audit fees	12,063	6,526
Total audit fees	12,063	6,526
	<u>12,063</u>	<u>6,526</u>

### 7.1 Fees paid to professional consultants

	<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>₦'000</b>	<b>₦'000</b>
- Tax services	50,369	43,825
- Information technology services	113,396	99,127
- Litigation services	12,651	16,085
- Recruitment and remuneration services	707	5,203
- Air Total International subrogation fees	17,811	16,032
- Product supply fees and certifications	71,991	11,518
- Other services	16,478	29,136
	<u>283,403</u>	<u>220,926</u>

### 8 Net finance costs

	<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>₦'000</b>	<b>₦'000</b>
<b>Finance income:</b>		
Interest on unclaimed dividend	7,541	79,792
Finance lease income	39,070	-
Interest on deposits	25,747	92,843
Total finance income	<u>72,359</u>	<u>172,635</u>
<b>Finance costs:</b>		
Interest on bank overdrafts and loans	(686,467)	(385,835)
Total finance costs	<u>(686,467)</u>	<u>(385,835)</u>
Net finance costs	<u>(614,108)</u>	<u>(213,200)</u>

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 9 Other income and other expenses

	<b>31 March 2018</b>	<b>31 March 2017</b>
<b>9.1 Other income</b>	<b>₦'000</b>	<b>₦'000</b>
Network income <sup>1</sup>	280,924	272,618
Other sundry income <sup>2</sup>	717	776
Gain on sales of property, plant and equipment	920,009	42,369
Net foreign Exchange gain/ (loss)	(582,804)	371,315
	<u>618,846</u>	<u>687,078</u>

<sup>1</sup>Network income represents income from Bonjour shop, rent, vendor management fees and other miscellaneous income.

<sup>2</sup>Other sundry income relates to royalties received.

### 10 Expenses by nature

	<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>₦'000</b>	<b>₦'000</b>
Changes in inventory of lubes, greases and refined products	66,340,196	70,426,149
Custom duties	517,535	398,284
Transport of supplies	460,912	625,840
Distribution cost	1,235,821	1,001,987
Staff costs (Note 31(iii))	2,262,708	1,983,976
Depreciation (Note 16)	989,035	826,819
Amortisation of software (Note 15)	7,866	15,858
Rent	187,683	197,171
Maintenance expenses	230,528	336,417
Motor fuels and travelling expenses	256,166	206,451
Communication, computer and stationery expenses	47,145	41,188
Bank charges	18,948	17,944
Business promotion and publicity	126,022	181,876
Other expenses	10,606	3,055
Security & guarding	72,145	62,481
Write back of impairment allowance (Note 18.4)	(208,683)	(290,870)
Impairment allowance (Note 18.4)	40,287	339,662
Bad debts written off (Note 18.4)	-	(9,335)
Fees paid to professional consultants (Note 7.1)	283,403	220,926
Consultancy fees	-	24,169
Rental services	-	28,617
Purchase of consumables	18,356	2,577
Insurance	44,202	38,743
Service charge	13,766	4,471
Levies	41,675	34,889
Entertainment expenses	13,988	12,742
De-pollution and environment	-	500
Audit Remuneration (Note 7)	12,063	6,526
Total cost of sales, selling & distribution costs and administrative expenses	<u>73,022,373</u>	<u>76,686,327</u>



# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 11 Company Income Tax Income tax expense

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

#### 11.1.1 Amounts recognised in profit or loss

	<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>₦'000</b>	<b>₦'000</b>
<b>Current tax expenses:</b>		
Company Income Tax (CIT)	540,107	1,343,250
Tertiary Education Tax (TET)	55,255	103,860
Capital gains tax	92,001	-
Current period tax expense	<u>687,363</u>	<u>1,447,110</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences (Note 11.3)	<u>272,299</u>	<u>131,736</u>
Tax expense	<b><u>959,662</u></b>	<b><u>1,578,846</u></b>

#### 11.1.2 Reconciliation of effective tax rate

	<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>₦'000</b>	<b>₦'000</b>
<b>Profit before tax</b>	<b><u>2,628,790</u></b>	<b><u>4,250,361</u></b>
Income tax using the statutory tax rate (30%)	788,637	1,275,108
Effect of tertiary education tax rate (2%)	52,576	85,007
Capital gains tax	91,995	-
Non-deductible expenses	48,954	13,338
Tax incentives	(57,112)	(2,955)
Other differences	14,832	191,812
Difference in CIT and TET rates	<u>19,781</u>	<u>16,536</u>
	<b><u>959,662</u></b>	<b><u>1,578,846</u></b>

#### 11.2 Movement in current tax liability

	<b>31 March 2018</b>	<b>31 December 2017</b>
	<b>₦'000</b>	<b>₦'000</b>
Balance as at 1 January	305,171	6,388,307
Net provision for the period (Note 11.1.1)	687,363	1,226,143
Payments during the period	-	(6,743,576)
Withholding tax credit notes	<u>(62,336)</u>	<u>(565,703)</u>
Balance as at 31 March	<b><u>930,198</u></b>	<b><u>305,171</u></b>

## TOTAL NIGERIA PLC

### NOTES TO THE FINANCIAL STATEMENTS

#### 11.3 Deferred taxation

Deferred tax assets and liabilities are attributable to the following;

	Assets		Liabilities		Net	
	31 March	December	31 March	December	31 March	December
	2018	2017	2018	2017	2018	2017
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	-	-	(4,670,661)	(4,320,061)	(4,670,661)	(4,320,061)
Provision for doubtful debts	490,314	495,603	-	-	490,314	495,603
Provision for employee benefits	144,808	133,809	-	-	144,808	133,809
Provision for inventory	24,583	24,583	-	-	24,583	24,583
Unrealised exchange differences	1,345,395	1,272,804	-	-	1,345,395	1,272,804
	<b>2,005,100</b>	<b>1,926,799</b>	<b>(4,670,661)</b>	<b>(4,320,061)</b>	<b>(2,665,561)</b>	<b>(2,393,262)</b>

Movement in deferred tax balances during the period;

	Balance	Recognised in profit or loss	Balance	Recognised in profit or loss	Balance
	1 January		31 December		31 March
	2017		2017		2018
	₦'000	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	(3,740,659)	(579,402)	(4,320,061)	(350,600)	(4,670,660)
Provision for doubtful debts	510,061	(14,458)	495,603	(5,289)	490,314
Provision for employee benefits	71,614	62,195	133,809	10,999	144,807
Provision for inventory	27,570	(2,987)	24,583	-	24,583
Unrealised exchange difference	3,287,994	(2,015,190)	1,272,804	72,591	1,345,395
	<b>156,579</b>	<b>(2,549,841)</b>	<b>(2,393,262)</b>	<b>(272,299)</b>	<b>(2,665,561)</b>

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

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 12.0 Employee benefits

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

No provision has been made during the period ended 31 March 2018 (2017: Nil). See note 31 (iii)

### 13 Dividends

#### Declared dividends

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

	<u>31 March 2018</u>	<u>31 December 2017</u>
	<u>₦'000</u>	<u>₦'000</u>
<i>Final dividend:</i>		
₦7.00 per qualifying ordinary share (2016: ₦7.00)	-	2,376,652
<i>Interim dividend:</i>		
₦3.00 per qualifying ordinary share (2017: ₦3.00)	-	1,018,566
	<u>-</u>	<u>3,395,218</u>

### 13.1 Dividend payable

	<u>31 March 2018</u>	<u>31 December 2017</u>
	<u>₦'000</u>	<u>₦'000</u>
Balance as at 1 January	2,022,830	5,225,573
Final dividend (prior year)	-	2,376,652
Interim dividend (current year)	-	1,018,566
	<u>2,022,830</u>	<u>8,620,791</u>
Forfeited dividend	-	(31,374)
Dividend paid	<u>(606,699)</u>	<u>(6,566,587)</u>
Balance	<u><u>1,416,131</u></u>	<u><u>2,022,830</u></u>

By the provision of the Securities and Exchange Commission (SEC) directives , dividend which remain unclaimed for 12 years stand forfeited.

## TOTAL NIGERIA PLC

### NOTES TO THE FINANCIAL STATEMENTS

#### 14 Earnings per share (EPS)

##### Basic earnings per share

Basic earnings per share of ₦4.92 (March 2017: ₦7.87) is based on profit attributable to ordinary shareholders of ₦1.7 Billion (March 2017: ₦2.7 billion), and on the 339,521,837 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the year (March 2017: 339,521,837 ordinary shares).

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

	<u>31 March 2018</u>	<u>31 March 2017</u>
<b>Earnings</b>		
Profit for the period attributable to shareholders (expressed in Naira)	1,669,128,000	2,671,515,000
<b>Number of shares</b>		
Weighted average ordinary shares of 50 kobo each	339,521,837	339,521,837
Basic earnings per 50 kobo share (expressed in Naira)	4.92	7.87

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

#### 15 Intangible assets

	<u>31 March 2018</u>	<u>31 December 2017</u>
<b>Cost</b>	<b>₦'000</b>	<b>₦'000</b>
Balance as at 1 January	398,735	383,361
Additions	6,861	26,536
Disposal	-	(11,162)
Balance	405,596	398,735
<b>Amortisation</b>		
Balance as at 1 January	(348,163)	(309,391)
Charge for the period <sup>1</sup>	(7,867)	(49,934)
Disposal	-	11,162
Balance	(356,030)	(348,163)
<b>Carrying amount</b>		
<b>At 1 January</b>	<b>50,572</b>	<b>73,970</b>
<b>At 31 March</b>	<b>49,566</b>	<b>50,572</b>

<sup>1</sup>Amortization of intangible assets are included in administrative expenses in the Profit or Loss. Intangible Assets are computer software and software licenses.

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

16 Property, plant and equipment

The movement on these accounts were as follows:

For the period ended 31 March 2018

	Leasehold land and buildings N'000	Plant, machinery and fittings N'000	Office equipment and furniture N'000	Computer equipment and other tangibles N'000	Motor vehicles N'000	Capital work in progress N'000	Total N'000
<b>Cost</b>							
Balance as at 1 January 2017	16,953,464	12,247,504	558,233	11,067,453	2,005,510	4,063,665	46,895,829
Additions	506,924	1,105,741	432	658,022	121,023	4,786,907	7,179,048
Transfers (Note 16.1)	1,147,049	1,709,255	4,264	1,502,779	100,215	(4,692,672)	(229,110)
Disposals	(25,518)	(172,831)	(2,307)	(36,140)	(460,684)	-	(697,480)
Reclassification to assets held-for-sale	(21,686)	(405,548)	(5,992)	(85,569)	(52,055)	-	(570,851)
Balance as at 31 December 2017	<u>18,560,233</u>	<u>14,484,121</u>	<u>554,629</u>	<u>13,106,545</u>	<u>1,714,009</u>	<u>4,157,900</u>	<u>52,577,436</u>
Balance as at 1 January 2018	18,560,233	14,484,121	554,629	13,106,545	1,714,009	4,157,900	52,577,436
Additions	3,239	15,293	-	574,579	3,271	1,417,643	2,014,026
Transfers (Note 16.1)	455,707	548,643	7,612	240,905	514,730	(1,767,597)	(0)
Disposals	(39,145)	(17,889)	(113)	(2,854)	(15,307)	-	(75,308)
Reclassification to assets held-for-sale	(19,726)	(402,771)	(8,468)	(74,517)	(52,055)	-	(557,538)
Balance as at 31 March 2018	<u>18,960,308</u>	<u>14,627,397</u>	<u>553,660</u>	<u>13,844,658</u>	<u>2,164,647</u>	<u>3,807,946</u>	<u>53,958,616</u>
<b>Accumulated depreciation and impairment</b>							
Balance as at 1 January 2017	(4,682,503)	(7,606,739)	(556,423)	(7,677,470)	(1,144,645)	-	(21,667,780)
Charge for the period	(669,509)	(1,139,628)	(5,846)	(1,329,482)	(316,441)	-	(3,460,906)
Eliminated on disposals	14,886	119,113	2,305	30,431	451,221	-	617,956
Reclassification to assets held-for-sale	9,664	309,816	5,985	75,589	52,055	-	453,109
Balance as at 31 December 2017	<u>(5,327,462)</u>	<u>(8,317,438)</u>	<u>(553,979)</u>	<u>(8,900,932)</u>	<u>(957,810)</u>	<u>-</u>	<u>(24,057,620)</u>
Balance as at 1 January 2018	(5,327,463)	(8,317,438)	(553,979)	(8,900,932)	(957,810)	-	(24,057,623)
Charge for the period	(174,625)	(330,179)	(4,215)	(386,361)	(93,654)	-	(989,035)
Eliminated on disposals	19,366	14,724	113	2,404	15,307	-	51,914
Reclassification to assets held-for-sale	9,758	312,008	8,371	67,282	52,055	-	449,474
Balance as at 31 March 2018	<u>(5,472,964)</u>	<u>(8,320,885)</u>	<u>(549,710)</u>	<u>(9,217,607)</u>	<u>(984,103)</u>	<u>-</u>	<u>(24,545,269)</u>
<b>Carrying amount</b>							
At 1 January 2017	<u>12,270,961</u>	<u>4,640,765</u>	<u>1,810</u>	<u>3,389,983</u>	<u>860,865</u>	<u>4,063,665</u>	<u>25,228,049</u>
At 31 December 2017	<u>13,232,771</u>	<u>6,166,682</u>	<u>651</u>	<u>4,205,613</u>	<u>756,199</u>	<u>4,157,900</u>	<u>28,519,817</u>
At 31 March 2018	<u>13,487,344</u>	<u>6,306,512</u>	<u>3,950</u>	<u>4,627,051</u>	<u>1,180,545</u>	<u>3,807,946</u>	<u>29,413,347</u>

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

Assets held-for-sale represents items of property, plant and equipment that will be recovered primarily through sale rather than through continued use.

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

16.2 Asset held-for-sale

In December 2017, the Company committed to a plan to discontinue its LPG line of business. Accordingly, these assets are being presented as disposal group held for sale in the statement of financial position. Efforts to sell these assets have commenced and sale is expected to be concluded before year end.

(a) Assets of disposal group held for sale

At 31 March 2018, the LPG disposal group was carried at the net book value. The Company performed an assessment of the recoverable value (fair value less costs to sell) of the assets using the third party quotations received, and compared the recoverable amount to the carrying value. Based on its assessment, the recoverable value of the assets is higher than the carrying amount.

The LPG disposal group comprise of the following assets:

	Land and buildings N'000	Plant, machinery and fittings N'000	Office equipment and furniture N'000	equipment and other tangible assets N'000	Motor Vehicles N'000	Total N'000
Carrying Amount as at 31 March 2018	29,484	714,780	16,838	141,800	104,110	108,063

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 17 Inventories

Inventories comprise:

	31 March 2018	31 March 2017
	₦'000	₦'000
Raw materials	319,952	310,154
Goods in transit	3,696,677	3,401,007
Finished goods	20,614,978	21,756,197
Consumable equipment and spares	1,305,696	1,198,882
	<u>25,937,303</u>	<u>26,666,240</u>

In 2018, inventories amounting to ₦ 66 billion (2017: ₦ 70 billion) were recognised as an expense during the period and included in 'cost of sales'.

### 17.1 Movement in write down of inventory

	31 March 2018	31 December 2017
	₦'000	₦'000
Balance as at 1 January	375,071	339,914
Write down of inventory <sup>1</sup>	31,657	325,457
Reversal of pror period write down <sup>2</sup>	(30,636)	(290,300)
Balance as at 31 March	<u>376,092</u>	<u>375,071</u>

<sup>1</sup>During the period, amounts of ₦31 million (2017: ₦325 million) were written down and recognised in cost of sales.

<sup>2</sup>Reversal of prior period write down arose because alternative uses were found for the products

### 18 Trade and other receivables (Current)

	31 March 2018	31 December 2017
	₦'000	₦'000
Customers account	22,444,291	14,627,397
Due from related parties (Note 30.2)	366,033	367,830
<b>Total trade receivables</b>	<u>22,810,324</u>	<u>14,995,227</u>
Net investment in finance lease	492,384	671,340
Advance on letters of credit	9,811,777	4,642,860
Bridging claims	3,606,447	2,242,222
Receivable from Petroleum Support Funds	251,654	251,654
Unclaimed dividends	1,679,369	1,441,302
Employee receivables	363,967	485,289
Advance to supplier	8,985,846	6,677,809
Other receivables	2,489,769	1,318,664
<b>Total other receivables</b>	<u>27,681,213</u>	<u>17,731,140</u>
	<u>50,491,537</u>	<u>32,726,367</u>

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

Non-current portion of trade and other receivables comprise:

	31 March 2018	31 December 2017
Employee receivables (Note 18.1.1)	793,889	682,620
Net investment in finance lease	1,896,885	2,192,775
	<u>2,690,774</u>	<u>2,875,395</u>

### 18.1.1 Finance lease receivable

During 2016, the Company leased transport equipment to some of its transporters under a finance lease arrangement. The average term of the finance leases is 3 years, with options to extend. The finance lease receivables at the end of the reporting period are neither past due nor impaired. At 31 March 2018, the carrying amount of leased equipment was ₦2.33 billion (2017: ₦2.86 billion). The carrying amount of the finance lease receivables approximates their fair value and may be analysed as follows:

	31 March 2018	31 December 2017
	₦'000	₦'000
<b>Gross investment in finance lease receivable</b>	2,839,186	3,973,186
Unearned finance income	(449,917)	(1,109,071)
Net investment in finance lease	<u>2,389,269</u>	<u>2,864,115</u>

### Net investment in finance lease

	31 March 2018	31 December 2017
	₦'000	₦'000
Less than one year	492,384	671,340
Between one and three years	1,896,885	2,192,775
	<u>2,389,269</u>	<u>2,864,115</u>

## TOTAL NIGERIA PLC

### NOTES TO THE FINANCIAL STATEMENTS

18.2 As at 31 March 2018, ageing of trade and other receivables that were not impaired was as follows:

	<u>31 March 2018</u>	<u>31 December 2017</u>
	<u>₦'000</u>	<u>₦'000</u>
Neither past due nor impaired	16,937,161	10,410,270
0 - 90 days past due	3,995,469	2,837,320
91 - 180 days past due	319,844	295,464
Above 180 days past due	<u>1,557,850</u>	<u>1,452,173</u>
	<u><u>22,810,324</u></u>	<u><u>14,995,227</u></u>

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

### 18.3 Ageing of impairments

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

### 18.4 Movement in the impairment allowance

	<u>31 March 2018</u>	<u>31 December 2017</u>
	<u>₦'000</u>	<u>₦'000</u>
Balance as at 1 January	1,625,581	1,682,124
Impairment losses recognised	40,287	574,849
Amounts written off during the period as uncollectible	-	(9,335)
Amounts recovered during the period	<u>(208,683)</u>	<u>(622,057)</u>
Balance	<u><u>1,457,185</u></u>	<u><u>1,625,581</u></u>

In determining the recoverability of a receivable, the Company considers changes in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the Company's diverse customer base. Though we have adopted IFRS 9 in assessing and computing our impairment allowance we considered that the impact is not material enough for adjustment at this time as the estimation model for this analysis is still being fine tuned as at the time of preparing this report.

### 19 Prepayments

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

	<u>31 March 2018</u>	<u>31 December 2017</u>
	<u>₦'000</u>	<u>₦'000</u>
<b>Current</b>		
Prepaid rent and employee advances	<u>1,836,836</u>	<u>571,724</u>
<b>Non-current</b>		
Long term prepaid network assets	2,901,257	4,233,253
Prepaid rent	<u>268,298</u>	<u>57,964</u>
<b>Total non-current prepayment</b>	<u><u>3,169,555</u></u>	<u><u>4,291,217</u></u>
<b>Total prepayments</b>	<u><u>5,006,391</u></u>	<u><u>4,862,941</u></u>

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

### 20 Borrowings

	<u>31 March 2018</u>	<u>31 December 2017</u>
	<u>₦'000</u>	<u>₦'000</u>
<b>Unsecured borrowings at amortised cost</b>		
Bank overdrafts (Note 23)	9,308,921	9,575,060
Trade finance loan	<u>8,145,330</u>	<u>3,559,963</u>
<b>Total borrowings</b>	<u><u>17,454,251</u></u>	<u><u>13,135,023</u></u>

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

- Bank overdrafts are repayable on demand. The average interest rate on bank overdrafts for the period was approximately 18.3% per annum (2017: 19.0% per annum). This was determined based on banks' cost of funding plus lenders' mark-up. These overdrafts are neither guaranteed nor is any collateral given on the balances.

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

- The carrying amount of current borrowings is a reasonable approximation of fair value as at 31 March, 2018.

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

21 Trade and other payables	<u>31 March 2018</u> ₦'000	<u>31 December 2017</u> ₦'000
<b>Trade payables :</b>		
Amount due to related companies (Note 30.2)	19,291,567	23,852,874
Trade creditors	5,650,418	5,632,367
Bridging contribution	5,535,513	4,202,064
Payable to Petroleum Support Fund	616,869	616,869
	<u>31,094,367</u>	<u>34,304,174</u>
<b>Other payables:</b>		
Sundry creditors	6,559,019	6,110,212
Security deposits	6,583,051	6,143,559
Accrued liabilities	19,641,094	14,753,536
Dividend payable (Note 13.1)	1,416,131	2,022,830
Pay As You Earn (PAYE)	52,504	55,759
Staff pension	63,828	26,720
Staff gratuity	2,864	3,143
	<u>34,318,491</u>	<u>29,115,759</u>
<b>Total trade and other payables</b>	<u>65,412,858</u>	<u>63,419,933</u>

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

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

The Directors consider that the carrying amount of trade payables as at 31 March 2018 approximates their fair value.

Information about the Company's exposure to currency and liquidity risks is included in Note 26(iii)

<sup>1</sup>Other suppliers represents accruals made for transport costs related to products.

21.2 Deferred income (current)	<u>31 March 2018</u> ₦'000	<u>31 December 2017</u> ₦'000
Rental services	19,071	20,571
Advance received for solar distribution	58,210	58,210
	<u>77,281</u>	<u>78,781</u>
21.3 Deferred income (non current)	<u>31 March 2018</u> ₦'000	<u>31 December 2017</u> ₦'000
Rental services	4,500	6,000
	<u>4,500</u>	<u>6,000</u>

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

22 Share capital	<u>31 March 2018</u> ₦'000	<u>31 December 2017</u> ₦'000
<b>Authorised, Issued and fully paid:</b>		
339,521,837 ordinary shares of 50 kobo each	169,761	169,761

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

23 Cash and cash equivalents	<u>31 March 2018</u> ₦'000	<u>31 December 2017</u> ₦'000
Bank and cash balances	2,067,500	7,232,623
Cash balances with Total Treasury (Note 30.2)	1,058,627	4,930,179
Cash & cash equivalents in statement of financial position	3,126,127	12,162,802
Bank overdrafts (Note 20)	(9,308,921)	(9,575,060)
Cash & cash equivalents in statement of cash flows	<u>(6,182,794)</u>	<u>2,587,742</u>

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



## TOTAL NIGERIA PLC

### NOTES TO THE FINANCIAL STATEMENTS

#### 24 Commitments and contingent liabilities Financial commitments

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

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

	<b>31 March 2018</b>	<b>31 December 2017</b>
	<b>₦'000</b>	<b>₦'000</b>
<b>Bonds</b>		
Total commitments given	2,500,350	2,500,350
Total commitments received	80,000	-

Commitments given primarily include guarantee to Pipelines and Products Marketing Company Limited (PPMC) for bulk purchase of petroleum products and bond to Major Oil Marketers Association of Nigeria (MOMAN) for joint petroleum product importation in the ordinary course of business. No losses are anticipated in respect of these.

Commitments received include customers' guarantees.

Commitments received and given are held with local banks.

At 31 March 2018, the Company had contractual commitments for the acquisition of property, plant and equipment amounting to ₦3.4 Billion (2017: ₦4.5 Billion).

#### **Contingent liabilities**

There are contingent liabilities in respect of legal actions against the Company amounting to approximately ₦1.27 trillion (2017: ₦1.26 trillion). The Directors have not made provisions for these contingent liabilities as consultation with the Company's external solicitors has indicated that the likely outcome of the legal actions will favour the Company and as such no material losses will crystallise against the Company.

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 25 Capital management

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

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

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

#### Gearing ratio

The gearing ratio is as follows:

	<b>31 March 2018 ₦'000</b>	<b>31 December 2017 ₦'000</b>
Borrowings (Note 20)	17,454,251	13,135,023
Cash and cash equivalents (Note 23)	<u>(3,126,127)</u>	<u>(12,162,802)</u>
Net debt	<u>14,328,124</u>	<u>972,221</u>
Equity	<u>29,894,679</u>	<u>28,225,551</u>
Net debt to equity ratio	<u>0.4793:1</u>	<u>0.0344:1</u>

Borrowing is defined mainly as long and short-term borrowings.

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

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 26 Financial risk management

#### (i) Financial risk management objectives

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

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

#### (ii) Market risk

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

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

#### Interest rate risk management

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

#### *Interest rate risk Sensitivity analysis*

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

	<u>31 March 2018</u> ₦'000	<u>31 December 2017</u> ₦'000
<b>Variable rate instruments</b>		
Borrowings (Note 20)	17,454,251	13,135,023
	<u>17,454,251</u>	<u>13,135,023</u>

#### Sensitivity analysis for variable rate instruments

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

Change of 500 basis points or 5%

	<u>Interest charged</u> ₦'000		<u>Effect of increase/decrease in Interest rate</u> ₦'000
31 March 2018	686,467	+/- 5 %	170,051
31 December 2017	3,063,808	+/- 5 %	758,963

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

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

#### Foreign exchange risk management

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

Effect in thousands of Naira

As at 31 March 2018

	Foreign currency '000	Naira balance '000	Exchange rate <sup>*</sup>	Effect of increase/decrease in exchange rate	N '000
<b>Trade receivables</b>					
USD	4,274	1,394,618	326.30	'15%	209,193
Euro				'15%	-
<b>Cash deposits</b>					
USD	11,473	3,743,673	326.30	'15%	561,551
EURO	-	-	399.47	'15%	-
<b>Trade payables</b>					
USD	(61,356)	(20,020,639)	326.30	'15%	(3,003,096)
EURO	(4,019)	(1,605,470)	399.47	'15%	(240,820)
<b>Net impact on profit or loss</b>					
USD	(45,609)	(14,882,348)	326.30	15%	(2,232,352)
EURO	(4,019)	(1,605,470)	399.47	15%	(240,821)

As at 31 December 2017

	Foreign currency '000	Naira balance '000	Exchange rate	Effect of increase/decrease in exchange rate	N '000
<b>Trade receivables</b>					
USD	2,690	867,821	322.61	'15%	130,173
Euro				'15%	-
<b>Cash deposits</b>					
USD	20,723	6,685,447	322.61	'15%	1,002,817
EURO	-	-	376.38	'15%	-
<b>Trade payables</b>					
USD	(73,911)	(23,844,428)	322.61	'15%	(3,576,664)
EURO	(10,733)	(4,039,687)	376.38	'15%	(605,953)
<b>Trade payables (Non-valid for forex)</b>					
USD	-	-	0	0	0
<b>Net impact on profit or loss</b>					
USD	(50,498)	(16,291,160)	322.61	15%	(2,443,674)
EURO	(10,733)	(4,039,687)	376.38	15%	(605,954)

A decrease in exchange rate by 15 percent (2017: 15 percent) against the above currencies at the reporting period would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

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

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### Financial Risk Management (cont'd)

#### (iii) Liquidity risk management

##### Liquidity and interest risk tables

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

	Contractual cashflows				
	Carrying amount	Total	Less than 1 month	1 to 3 months	3 months to 1 year
	₦'000	₦'000	₦'000	₦'000	₦'000
<b>31 March 2018</b>					
Borrowings	17,454,251	17,454,251	9,308,921	8,145,330	-
Trade payables	31,094,367	31,094,367	5,650,418	19,908,436	5,535,513
Other Payables <sup>1</sup>	34,079,862	34,079,862	12,184,976	11,448,495	10,446,391
Forward exchange contracts	-	-	-	-	-
	<b>82,628,480</b>	<b>82,628,480</b>	<b>27,144,315</b>	<b>39,502,261</b>	<b>15,981,904</b>
<b>31 December 2017</b>					
Borrowings	13,135,023	13,135,023	9,575,060	3,559,963	-
Trade payables	35,508,597	35,508,597	5,632,367	25,674,166	4,202,064
Other Payables <sup>1</sup>	29,753,761	29,753,761	10,638,214	9,995,222	9,120,325
Forward exchange contracts	-	-	-	-	-
	<b>78,397,381</b>	<b>78,397,381</b>	<b>25,845,640</b>	<b>39,229,351</b>	<b>13,322,389</b>

<sup>1</sup>The amount of other payables does not include statute-based deductions

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

##### Financing facilities

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

	2018	2017
	₦'000	₦'000
Amount used	17,454,251	13,135,023
Amount unused	52,545,749	52,545,749
Total Facilities	<b>70,000,000</b>	<b>65,680,772</b>

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### Financial Risk Management (cont'd)

#### (iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate e.g. security deposits, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information and its own trading records to rate its major customers. Credit exposure is controlled by setting credit limits that are routinely reviewed and approved by the management.

The company is issued bank guarantees in its favour for transactions with certain customers. These guarantees are held with Nigerian banks against the eventuality of a default. As at the reporting date, there were no existing guarantees (Note 24).

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

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

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

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

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

#### Cash and cash equivalents

The credit risk on liquid funds is limited because most of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies or Total Treasury, a related entity within the Group.

An analysis of the credit quality of trade and other receivables that are neither past due nor impaired is as follows;  
**As at 31 March 2018**

	<b>Fully Performing</b>	<b>Past Due</b>	<b>Total</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
Network	11,112,335	-	11,112,335
General Trade	3,724,458	3,997,534	7,721,993
Aviation	2,100,368	1,875,628	3,975,997
<b>Trade receivables</b>	<b>16,937,161</b>	<b>5,873,163</b>	<b>22,810,324</b>

**As at 31 December 2017**

	<b>Fully Performing</b>	<b>Past Due</b>	<b>Total</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
Network	6,827,731	-	6,827,731
General Trade	2,736,247	3,807,947	6,544,194
Aviation	846,292	777,010	1,623,302
<b>Trade receivables</b>	<b>10,410,270</b>	<b>4,584,957</b>	<b>14,995,227</b>

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### Financial Risk Management (cont'd)

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

	<b>31 March</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>
	<b>₦'000</b>	<b>₦'000</b>
Customers	22,444,291	14,627,397
Due from related parties	366,033	367,830
Due from regulators (Government entities)	3,858,101	2,493,876
Other receivables	5,180,543	4,194,059
	<b><u>31,848,968</u></b>	<b><u>21,683,162</u></b>

#### ***Due from related parties***

The Company has transactions with its parent and other related parties who are related to the Company by virtue of being members of the Total Group. Amounts receivable from members of the Group are not impaired except the member is facing bankruptcy. In the directors' view, all amounts are collectible. No impairment was recorded with respect to amounts due to related parties in the period ( 2017: Nil).

#### ***Due from Government entities***

This comprises amount due from PPPRA with respect to subsidies/PSF receivable on imported products as well as 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/ guidelines that prohibit or limit recovery of previously recognized amounts.

#### ***Other receivables***

Other receivables include finance lease receivables, staff debtors and other sundry receivables. The Company reviews the balances due from this category on a yearly basis taking into consideration functions such as continued business/employment relationship and ability to offset amounts against transactions due to these parties.

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### Financial Risk Management (cont'd)

#### 27 Classification of financial instruments

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

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

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

##### As at 31 March 2018

	Carrying amount		Total ₦'000
	Loans and receivables ₦'000	Other financial liabilities ₦'000	
<b>Financial assets not measured at fair value</b>			
Trade and other receivables	43,826,913	-	43,826,913
Cash and cash equivalents (Note 23)	3,126,127	-	3,126,127
	<u>46,953,040</u>	<u>-</u>	<u>46,953,040</u>
<b>Financial liabilities not measured at fair value</b>			
Borrowings (Note 20)	-	17,454,251	17,454,251
Trade and other payables	-	65,174,229	65,174,229
	<u>-</u>	<u>82,628,480</u>	<u>82,628,480</u>

##### As at 31 December 2017

	Carrying amount		Total ₦'000
	Loans and receivables ₦'000	Other financial liabilities ₦'000	
<b>Financial assets not measured at fair value</b>			
Trade and other receivables	28,270,336	-	28,270,336
Cash and cash equivalents (Note 23)	12,162,802	-	12,162,802
	<u>40,433,138</u>	<u>-</u>	<u>40,433,138</u>
<b>Financial liabilities not measured at fair value</b>			
Borrowings (Note 20)	-	13,135,023	13,135,023
Trade and other payables	-	63,107,093	63,107,093
	<u>-</u>	<u>76,242,116</u>	<u>76,242,116</u>

#### 28 Assets pledged as security

As at the period ended 31 March 2018 there were no assets pledged as security (2017: Nil).



**TOTAL NIGERIA PLC**

**NOTES TO THE FINANCIAL STATEMENTS**

**29 Events after the reporting date**

There were no events after the reporting date that could have a material effect on the financial position of the Company at 31 March 2018 and on the profit for the period ended on that date that have not been taken into account in these financial statements.

**30 Related party transactions**

As at the period ended 31 March 2018, the Parent Company Total Raffinage Marketing (incorporated in France) owned 61.72% of the issued shares of Total Nigeria PLC. The Ultimate Parent Company and ultimate controlling party is Total S.A (incorporated in France).

**30.1 Trading transactions**

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

	Sale of goods		Purchase of goods		Others	
	31 March	31 March	31 March	31 March	31 March	31 March
	2018	2017	2018	2017	2018	2017
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Total Outre Mer	-	-	5,480,265	2,578,077	13,278	14,011
Total Oil Trading	-	-	-	-	-	-
Total E&P Nigeria	275,438	102,710	-	-	-	-
Total Lubricants	111,521	79,327	-	-	-	-
Total Access to Solar	-	-	6,167	-	-	-
Total marketing middle east	-	-	116,094	79,983	-	-
Total SA	-	-	-	-	-	-
Total Gestion International	-	-	-	-	2,126	-
Total RM	-	-	-	-	-	-
	<u>386,959</u>	<u>182,037</u>	<u>5,602,526</u>	<u>2,658,060</u>	<u>15,404</u>	<u>14,011</u>

**30.2 Outstanding balance**

The following amounts were outstanding at the reporting date:

	Amounts owed by related parties		Amounts owed to related parties	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
	₦'000	₦'000	₦'000	₦'000
Total Outre Mer	-	-	19,146,637	23,695,736
Total Supply	-	-	-	10,294
Total E&P Nigeria	290,704	307,441	-	-
Air Total International	-	-	-	-
Total SA	-	-	1,553	1,553
Total Gestion International	-	-	-	-
Total Access to Solar	-	-	-	-
Total Ghana	-	-	-	-
Total Oil Trading	-	-	9,560	9,560
Total marketing middle east	-	-	71,543	-
Total Raffinage Marketing	-	-	133,817	135,732
Total Lubrificants	75,329	60,389	-	-
	<u>366,033</u>	<u>367,830</u>	<u>19,363,111</u>	<u>23,852,875</u>
Total Treasury <sup>1</sup>	<u>4,930,179</u>	<u>4,930,179</u>	-	-
	<u>5,296,212</u>	<u>5,298,009</u>	<u>19,363,112</u>	<u>23,852,875</u>

<sup>1</sup> Included in the analysis above is the balance of funds held with Total Treasury as at the period ended 31 March 2018; amounting to ₦ 4.9 billion (2017: ₦4.9 billion). This has however been classified along with cash and cash equivalents in the statement of financial position. See Note 23.

**Technical assistance and management fees**

Total Raffinage Marketing charges Total Nigeria Plc for General Assistance recorded and Total Outre Mer charges Total Nigeria Plc for Research & Development costs. The expenses are generally charged to profit or loss when the Company obtains approval from National Office for Technology Acquisition and Promotion (NOTAP) with respect to these transactions.

# TOTAL NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 31 Information regarding employees

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

	<u>31 March 2018</u>	<u>31 March 2017</u>
	Number	Number
Below ₦1,500,000	5	29
₦1,500,001 - ₦2,500,000	-	18
₦2,500,001 - ₦3,500,000	-	22
₦3,500,001 - ₦4,500,000	2	141
₦4,500,001 - ₦5,500,000	5	126
₦5,500,001 - ₦6,500,000	11	69
₦6,500,001 - ₦7,500,000	19	33
₦7,500,001 - ₦8,500,000	29	10
₦8,500,001 - ₦9,500,000	100	10
₦9,500,001 and above	302	22
	<u>473</u>	<u>480</u>

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

	<u>31 March 2018</u>	<u>31 March 2017</u>
	Number	Number
Managerial staff	117	119
Senior staff	332	342
Junior staff	24	19
	<u>473</u>	<u>480</u>

(iii) The related staff cost amounted to ₦2.26 billion (2017: ₦1.98 billion).

Staff costs relating to the above were:

	<u>31 March 2018</u>	<u>31 March 2017</u>
	₦'000	₦'000
Salaries and wages	1,658,863	1,518,607
Termination benefits	-	396
Pension and social benefit	129,474	113,032
Medical expenses	174,911	105,851
Training expenses	31,196	55,366
Other Staff Expenses	20,255	24,804
Temporary Staff	248,010	165,920
	<u>2,262,708</u>	<u>1,983,976</u>