



TOTALENERGIES MARKETING NIGERIA PLC
UNAUDITED FINANCIAL STATEMENT
JUNE 2022

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TOTALENERGIES MARKETING NIGERIA PLC

RESULTS AT A GLANCE FOR THE YEAR ENDED

	<u>30 June 2022</u>	<u>30 June 2021</u>	<u>Change</u>
	₦'000	₦'000	%
Revenue	209,014,372	151,333,238	38
Profit before income taxation	12,732,574	11,778,566	8
Profit for the year	8,528,826	8,065,590	6
Total comprehensive income for the year	8,528,826	8,065,590	6
Share capital	169,761	169,761	-
Shareholders' funds	44,061,716	32,821,176	34

	<u>30 June 2022</u>	<u>30 June 2021</u>	<u>Change</u>
PER SHARE DATA:			%
<i>Based on 339,521,837 ordinary shares of 50 kobo each:</i>			
<i>Earnings per 50 kobo share (Naira) - basic</i>	25.12	23.76	6
<i>Stock exchange quotation (Naira)</i>	234.50	145.00	62

Number of staff	435	436	(0)
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TOTALENERGIES MARKETING NIGERIA PLC

STATEMENT OF FINANCIAL POSITION AS AT

		30 June 2022	31 December 2021
	Notes	₦'000	₦'000
Non-current assets			
Property, plant and equipment	16	40,304,652	38,734,517
Right-of-use assets	17 (i)	6,883,476	7,862,178
Intangible assets	15	102,816	123,302
Trade and other receivables	19.1	2,504,918	2,830,275
Total non-current assets		49,795,862	49,550,272
Current Assets			
Inventories	18	54,692,251	29,202,091
Withholding tax receivables	11.2.1	711,351	1,608,541
Trade and other receivables	19	96,957,677	63,966,447
Prepayments	20	1,203,862	1,448,934
Cash and cash equivalents	24	64,728,287	62,952,681
Total current assets		218,293,428	159,178,694
Total assets		268,089,290	208,728,966
Equity			
Share capital	23	169,761	169,761
Retained earnings		43,891,955	41,449,544
Total equity		44,061,716	41,619,305
Non-current liabilities			
Deferred tax liabilities	11.3	5,950,967	5,970,517
Lease liabilities	21 (ii)	311,325	548,114
Employee benefits	12	1,166,134	1,150,202
Total non-current liabilities		7,428,426	7,668,833
Current liabilities			
Current tax liabilities	11.2	3,678,296	6,136,740
Loans and borrowings	21 (i)	57,542,043	15,116,802
Employee benefits	12	-	7,893
Trade and other payables	22	151,775,874	134,545,293
Deferred income	22.1	3,281,957	3,068,991
Lease liabilities	21 (ii)	320,978	565,109
Total current liabilities		216,599,148	159,440,828
Total liabilities		224,027,574	167,109,661
Total equity and liabilities		268,089,290	208,728,966

These financial statements were approved and authorised for issue by the Board of Directors of the Company on 30 June 2022 and signed on behalf of the Board by:

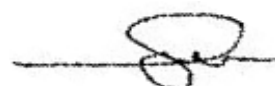


Seye Samba - Managing Director
FRC/2021/003/00000024858



Lesley Green - Executive Director
FRC/2020/003/00000020680

Additionally certified by:



Samson Eghwerehe - Head of Finance
FRC/2018/ICAN/00000018952

The accompanying notes form an integral part of these financial statements.

TOTALENERGIES MARKETING NIGERIA PLC

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

	Notes	For the three months ended		For the six months ended	
		30 June 2022	30 June 2021	30 June 2022	30 June 2021
		₦'000	₦'000	₦'000	₦'000
Revenue	6	111,405,310	84,637,293	209,014,372	151,333,238
Cost of sales	10	(96,095,053)	(70,621,376)	(179,212,410)	(125,829,551)
Gross profit		15,310,257	14,015,917	29,801,962	25,503,687
Other income	9.1	848,896	1,603,920	1,741,256	2,473,806
Selling & distribution costs	10	(1,167,807)	(741,895)	(2,328,841)	(1,606,304)
Administrative expenses	10	(7,860,571)	(6,801,905)	(15,425,807)	(13,777,603)
Impairment loss on financial assets	27 (iv)	(224,382)	(41,212)	(251,466)	(67,617)
Operating profit		6,906,393	8,034,825	13,537,104	12,525,969
Finance income	8	437,911	57,554	1,121,914	94,607
Finance costs	8	(1,164,798)	(664,880)	(1,926,444)	(842,010)
Net finance costs		(726,887)	(607,326)	(804,530)	(747,403)
Profit before income taxation		6,179,506	7,427,499	12,732,574	11,778,566
Income taxation	11.1.1	(2,016,367)	(2,332,368)	(4,203,748)	(3,712,976)
Profit for the year		4,163,139	5,095,131	8,528,826	8,065,590
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		4,163,139	5,095,131	8,528,826	8,065,590
Earnings per share					
Basic and diluted earnings per share	14	12.26	15.01	25.12	23.76

The accompanying notes form an integral part of these financial statements.

TOTALENERGIES MARKETING NIGERIA PLC

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2022

		<u>Share capital</u> ₦'000	<u>Retained earnings</u> ₦'000	<u>Total equity</u> ₦'000
	Notes			
Balance at 1 January 2022		169,761	41,449,544	41,619,305
Profit for the year		-	8,528,826	8,528,826
Other comprehensive income for the year	12(i)	-	-	-
Total comprehensive income for the year		-	8,528,826	8,528,826
Transactions with owners of the Company:				
Contributions and Distributions				
Forfeited dividend	13.1	-	92,881	92,881
Prior year final dividend	13.1	-	(6,179,297)	(6,179,297)
Total transactions with owners of the Company		-	(6,086,416)	(6,086,416)
Balance at 30 June 2022		169,761	43,891,955	44,061,716

for the year ended 30 June 2021

		<u>Share capital</u> ₦'000	<u>Retained earnings</u> ₦'000	<u>Total equity</u> ₦'000
	Notes			
Balance as at 1 January 2021		169,761	27,981,218	28,150,979
Profit for the year		-	8,065,590	8,065,590
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	8,065,590	8,065,590
Transactions with owners of the Company:				
Contributions and Distributions				
Forfeited dividend	13.1	-	26,078	26,078
Prior year final dividend	13.1	-	(2,063,385)	(2,063,385)
Current year interim dividend	13.1	-	(1,358,087)	(1,358,087)
Total transactions with owners of the Company		-	(3,395,394)	(3,395,394)
Balance at 30 June 2021		169,761	32,651,415	32,821,176

The accompanying notes form an integral part of these financial statements.

TOTALENERGIES MARKETING NIGERIA PLC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

		30 June 2022 ₦'000	30 June 2021 ₦'000
Profit for the year		8,528,826	8,065,590
Adjustments for:			
Depreciation of property, plant and equipment	16	2,630,701	2,446,807
Depreciation of right-of-use asset	17 (i)	1,020,314	938,083
Amortisation of intangible assets	15	21,825	22,266
Write down of inventory (Net)	18.1	139,798	65,439
Gain on disposal of property, plant and equipment	9.2	(11,964)	(46,795)
Gain on disposal of raw material	9.1	-	(184,026)
Net foreign exchange gain	9.1	(70,964)	(986,427)
Net finance costs	8	804,530	747,403
Income taxation	11.1.1	4,203,748	3,712,976
		<u>17,391,314</u>	<u>14,781,315</u>
Changes in:			
- Inventories	18 (a)	(25,629,958)	(8,821,184)
- Trade and other receivables	19.1 (a)	(36,628,336)	(15,514,957)
- Prepayments	20 (a)	288,024	509,723
- Trade and other payables	22 (a)	18,388,442	34,279,982
- Lease liabilities	21.1	(334,029)	(29,338)
- Withholding tax receivable	11.2.1	897,191	-
- Deferred income	22.1 (a)	212,966	311,513
		<u>(25,414,386)</u>	<u>25,517,055</u>
Cash generated from operating activities			
Payment for employee benefits	12	(116,461)	32,248
Interest on loans	8	63,844	63,781
Interest on lease liabilities	8	(42,891)	(196,195)
Tax paid	11.2	(5,545,175)	(275,947)
Withholding tax credit notes recovered	11.1.1	-	(145,990)
		<u>(32,191,636)</u>	<u>24,994,952</u>
Net cash generated from operating activities			
Cash flows from investing activities			
Additions to right-of-use asset	17 (iii)	(41,612)	(504,143)
Purchase of property, plant and equipment	16	(4,274,871)	(894,420)
Purchase of intangible assets	15	(1,339)	(24,769)
Interest received on deposits for unclaimed dividend	8	38,800	13,503
Interest received on deposits	8	1,019,270	17,323
Proceeds from disposal of property, plant and equipment		43,047	48,679
Proceeds from disposal of raw material		-	1,075,200
		<u>(3,216,705)</u>	<u>(268,627)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Interest paid on bank overdraft	21.1	-	(635,256)
Interest paid on import loans	21.1	(802,168)	(10,559)
Interest paid on other loans	21.1	(1,081,385)	-
Payment on lease liabilities	21.1	(146,891)	(223,796)
Additional borrowings	21.1	67,264,153	(2,106,880)
Repayment of borrowings	21.1	(25,020,657)	6,061,541
Dividends paid	13.1	(3,266,509)	(789,264)
		<u>36,946,543</u>	<u>2,295,786</u>
Net cash (used in)/ generated from financing activities			
Net increase in cash and cash equivalents		1,538,202	27,022,111
Cash and cash equivalents at 1 January		62,952,682	25,272,980
Effect of movement in exchange rates on cash held		237,403	2,981,882
		<u>64,728,287</u>	<u>55,276,973</u>
Cash and cash equivalents as at period ended 30 June	24		
Cash and cash equivalents as at year ended 31 December			<u><u>62,952,682</u></u>

The accompanying notes form an integral part of these financial statements.

TOTALENERGIES MARKETING 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.

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 (now TotalEnergies Marketing Nigeria Plc) while the remaining 38.28% are held by some members of the general public. Total Raffinage Marketing is now called TotalEnergies Marketing Services.

In 2021, Total Group worldwide changed its name to TotalEnergies and adopted a new logo, thereby anchoring the transformation into a broad energy business within the Company's identity. Accordingly, the Company changed its name from Total Nigeria Plc to TotalEnergies Marketing Nigeria Plc in the same year.

	30 June 2022		31 December 2021	
	Number	Holdings	Number	Holdings
	'000	%	'000	%
TotalEnergies Marketing Service	209,560	61.72	209,560	61.72
Other shareholders	129,962	38.28	129,962	38.28
	339,522	100.00	339,522	100.00

No shareholder, except as disclosed above, held more than 5% of the issued share capital of the Company as at 30 June 2022 (2021: Nil).

Principal activities

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

Description of business

TotalEnergies Marketing Nigeria Plc. ("the Company") is a subsidiary of TotalEnergies Marketing Services ("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 the manner required by the Financial Reporting Council (FRC) of Nigeria Act, 2011 and the Companies and Allied Matters Act (CAMA), 2020.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the provision for employee benefits which has been measured at the present value of the obligation (Note 12) and as otherwise indicated.

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.

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

2.4 Financial period

These financial statements cover the financial period from 01 January 2022 to 30 June 2022, with corresponding figures for the financial period from 01 January, 2021 to 30 June, 2021 and 01 January 2021 to 31 December 2021 where applicable.

2.5 Going concern

The directors have undertaken a review of the Company's business activities and have concluded that the Company will still be able to realise its assets and settle its obligations as they fall due and as such these financial statements have been prepared on the basis applicable to a going concern.

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.

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

(a) Judgement

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

(i) Cash held with Total Treasury - Note 24

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

(ii) Lease term - Note 17 (iv)

Whether the Company is reasonably certain to exercise extension options.

(iii) Asset retirement obligation - Note 17 (iv)

Whether the Company will dismantle and remove its leasehold improvements on underlying asset or restore underlying asset.

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year includes;

(i) Measurement of defined benefit obligation: Key actuarial assumptions

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

(ii) Measurement of Expected Credit Loss (ECL) allowance - Note 27(iv)

Information about measurement of trade receivables and contract assets: Key assumptions in determining the weighted-average loss rate.

(iii) Measurement of contingencies - Note 25

Recognition of contingencies - key assumptions about likelihood and magnitude of an outflow of resources.

(iv) Incremental borrowing rate - Note 21.1

Estimation of the applicable borrowing rates.

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

3 New standards and interpretations not yet adopted

Amendments to Standards and Interpretations are effective for annual periods beginning after 1 January 2022 and early application is permitted; however, the Company has not applied the amended standards in preparing these financial statements. Those Amendments to Standards and Interpretations which may be relevant to the Company are set out below.

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

Standard/Interpretation not yet effective as at 30 June 2022	Date issued by IASB	Effective date Periods beginning on or after	Summary of the requirements and assessment of impact
Amendments to IAS 1	<i>Classification of liabilities as current or non-current</i>	January 2020 1 January 2023 Early adoption is permitted	<p>Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.</p> <p>There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.</p> <p>The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.</p> <p>The amendments also clarify how a company classifies a liability that includes a counterparty conversion option, which could either be recognised as either equity or liability separately from the liability component under IAS 32 <i>Financial Instruments: Presentation</i>.</p> <p>The standard is effective for annual periods beginning on or after 1 January 2023. Early adoption is permitted.</p> <p>The amendments are not expected to have a significant impact on the Company's financial statements.</p>

TOTALENERGIES MARKETING 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 foreign exchange gain) or "Other expenses" (net foreign exchange loss).

4.2 Revenue and other income

(i) Revenue recognition

Revenue streams

The Company generates revenue primarily from the sale of refined petroleum products and lubricants to its customers (see Note 6). Other sources of revenue include sale of special fluids and solar products.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer. Revenue from the sale of non-regulated products in the course of ordinary activities is measured at the fair value of the received consideration or receivable, net of value added tax, sales returns, trade discounts and volume rebates where applicable. Revenue for regulated products is measured at the regulated price of the products net of standard distribution cost directly recoverable from the prices of the regulated products.

The following table provides information about the timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Nature and timing of satisfaction of performance obligations, including significant payment terms.	Revenue recognition policies
Customers obtain control of products when the goods are delivered to and have been accepted at their premises or picked up by the customer. Invoices are generated and revenue is recognised at that point in time. Credit sales are due for collection within 30 days. This applies to all sales products.	Revenue is recognised when the goods are delivered and have been accepted by customers at their premises or picked up by 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. The period of occupancy is the basis upon which rental income is recognised and the lease term is usually for 12 months. Rental income are for short term leases and are recognised in profit or loss on a straight line basis over the term of the lease.

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

4.3 Finance income and finance costs

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

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

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

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

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

4.4 Income taxes

Income tax expense comprises current tax (company income tax, tertiary education tax and Nigeria Police Trust Fund levy) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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

Current taxes

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company income tax is computed on taxable profits (i.e the assessable profit after capital allowances (tax depreciation) and brought forward losses (if any) have been considered).
- Tertiary education tax is computed on assessable profits (i.e the profit of the Company that is liable to tax after exempting non-taxable income and subjecting to tax, expenses which were not wholly, reasonably, exclusively or necessarily incurred for the operations of the Company, but before the consideration of capital allowances and losses).
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year).
- The National Agency for Science and Engineering Infrastructure (NASENI) levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year).

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the year are treated as income tax in line with IAS 12.

Minimum tax

Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.

In line with the Finance Act 2021, minimum tax is determined at a base rate of 0.25% (2020: 0.25%) of the qualifying company's gross turnover less franked investment income. The Finance Act defines gross turnover as the gross inflow of economic benefits (cash, revenues, receivables and other assets) arising from the operating activities of a Company, including sales of goods, supply of services, receipt of interest, rents, royalties or dividends.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as minimum tax.

The Company offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and intends either to 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 be realised.

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

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 of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be 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, and reflects uncertainty related to income taxes, if any.

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.

Accounting for uncertain tax treatments under IFRIC 23

The Company's judgements with respect to income taxes are based on the likelihoods that the tax authority will accept an uncertain tax treatment that has been taken or is expected to be taken on its tax returns. The Company specifically reviews whether its tax treatments are consistent with requirements and recommendations of tax laws while ensuring its proper coverage of avoidable tax risks and exposures in the process.

The Company measures the impact of the uncertainty using the method that best predicts the resolution of the uncertainty; either the most likely amount method or the expected value method. Furthermore, the judgements and estimates made to recognise and measure the effect of uncertain tax treatments are reassessed whenever circumstances change or when there is new information that affects those judgements.

TOTALENERGIES MARKETING 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 year, adjusted for bonus elements in ordinary shares issued during the year.

ii Diluted earnings per share

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

4.6 Property plant and equipment

i Recognition, derecognition and measurement

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

The cost of an item of property, plant and equipment shall be recognised as an asset if;

- it is possible that future economic benefits associates with the item will flow to the entity: and
- the cost of the item can be measured reliably.

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

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

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

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

ii Subsequent costs

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

iii Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

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

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

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

Type of asset	Useful lives
· Motor vehicles	4 years
· Office equipment and furniture	4 years
· Computer equipment and other tangibles	4 - 20 years
· Plant, machinery and fittings	3 - 30 years
· Buildings	10 - 25 years
· 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.

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

ii Subsequent expenditure

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

iii Amortisation of intangible assets

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

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

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

4.8 Dividend payable

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.

Any accrual made in respect of dividend payable is recognised as a deduction from equity.

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NOTES TO THE FINANCIAL STATEMENTS

4.9 Impairment

i Non-derivative financial assets

Financial instruments

The Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. The company also recognises loss allowances for ECLs on employee loan receivables which are disclosed as part of trade and other receivables. (See Note 19)

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances, lease and loan receivables for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs. Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

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

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 360 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

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

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

4.9 Impairment (Cont'd)

ii Non financial assets

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

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

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

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

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

4.10 Financial instruments

i Recognition and initial measurement

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

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

ii Classification and subsequent measurement

Financial assets

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

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

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

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

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

Financial assets - Business model assessment

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

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

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

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

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

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

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

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4.10 Financial instruments (cont'd)

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

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

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

Financial assets – Subsequent measurement and gains and losses

Financial assets at amortised cost

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

Financial liabilities – Classification, subsequent measurement and gains and losses

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

iii Derecognition

Financial assets

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

Financial liabilities

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

iv Offsetting

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

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4.11 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.

4.12 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. Interest received on employee loans and receivables, foreign exchange differential, interest claim on Petroleum Support Fund (PSF) and Interest on lease liabilities are included in operating activities.

4.13 Cash and cash equivalents

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

4.14 Inventories

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

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

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

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

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4.15 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.

4.16 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 obligations 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 for a minimum milestone of ten (10) years and the Total home ownership scheme (TEHOS) which is a one-off payment upon tenth anniversary. These schemes are instituted for all permanent employees. The Company's obligations in respect of these schemes are the amounts 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 a result of the Company's objective to ensure underlying cost inflation remains below country headline inflation having considered the weighted average of five (5) years yield 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.

v Post-employment benefits

The Company's post-employment benefits represents a post-retirement medical coverage for five (5) years on early retirement or seven (7) years on normal retirement (i.e. at the retirement age of 60 years). This scheme is instituted for all permanent employees and is provided after the completion of employment via the Health Insurance Scheme offered third party providers. The Company's exposure under this arrangement is limited to premium payable to the providers. The benefit is discounted to determine its present value. The discount rate is a result of the Company's objective to ensure underlying cost inflation remains below country headline inflation having considered the weighted average of five (5) years yield 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 which comprise actuarial gains or losses are recognized in other comprehensive income in the period in which they arise. Net interest expense and other expenses related to the post employment benefits are recognised in profit or loss. This Scheme is not funded. The obligations are paid out of the Company's cash flows as and when due.

4.17 Government grant

Petroleum Products Pricing Regulatory Agency (PPPRA) subsidises the cost of importation of certain refined petroleum products whose prices are regulated in the Nigerian market. The subsidies are recognised when there is reasonable assurance that they will be recovered and the Company has complied with the conditions attached to receiving the subsidy. The subsidies are recognised as a reduction to the landing cost of the subsidised petroleum product in the year in which the Company makes the determination that all conditions have been met and the amount will be recovered. Where the amounts relate to interest and foreign exchange differentials, they are recognised in profit or loss when there is reasonable assurance that the amounts will be recovered. Refer to Note 4.3 for additional details on subsidy.

TOTALENERGIES MARKETING NIGERIA PLC

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4.18 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.

4.19 Measurement of fair values

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

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

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

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

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

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

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

4.20 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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NOTES TO THE FINANCIAL STATEMENTS

4.21 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

B. As a lessor

The Company leases out trucks to its transporters and these are classified as finance leases.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease and regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Company recognises lease payments received under operating leases as income on a straightline basis over the lease term as part of 'other income'.

Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

TOTALENERGIES MARKETING NIGERIA PLC

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5 Seasonality and Segment Reporting

Seasonality of Operations

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

Segment Reporting

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

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

Products and services from which reportable segments derive their revenues

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

The following summary describes the operations of each reportable segment.

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

Segment revenue reported below represents revenue generated from external customers. There were no inter-segment sales in the current year (2021: Nil). Performance is measured based on segment which correspond with IFRS amounts in the Financial Statement.

5.1 Segment profit or loss (key items)

	30 June 2022							
	NETWORK		GENERAL TRADE		AVIATION		TOTAL	
		₦'000		₦'000		₦'000		₦'000
Revenue	52%	108,687,473	36%	75,245,174	12%	25,081,725	100%	209,014,372
- Petroleum products	49%	71,782,757	34%	50,137,209	17%	25,081,725	100%	147,001,691
- Lubricant and others	60%	36,904,716	40%	25,107,963	0%	-	100%	62,012,679
Gross profit	55%	16,391,079	37%	11,026,726	8%	2,384,157	100%	29,801,962
- Petroleum products	44%	4,928,757	35%	3,858,093	21%	2,384,157	100%	11,171,007
- Lubricant and others	62%	11,462,322	38%	7,168,634	0%	-	100%	18,630,956
Finance income	79%	886,312	17%	190,725	4%	44,877	100%	1,121,914
Finance costs	71%	(1,367,775)	23%	(443,083)	6%	(115,586)	100%	(1,926,444)
Income taxation	32%	(1,345,199)	55%	(2,312,061)	13%	(546,488)	100%	(4,203,748)
Impairment loss on trade receivable	-71%	178,541	171%	(430,007)	0%	-	100%	(251,466)
Depreciation ¹	93%	(2,446,552)	7%	(183,239)	0%	(910)	100%	(2,630,701)
Amortisation	70%	(15,278)	29%	(6,329)	1%	(218)	100%	(21,825)
Depreciation of Right-of-use asset	93%	(948,892)	7%	(71,422)	0%	-	100%	(1,020,314)

¹ The allocated percentage of depreciation in the aviation segment (0.0003%) during the period has been rounded to the nearest whole number.

	30 June 2021							
	NETWORK		GENERAL TRADE		AVIATION		TOTAL	
		₦'000		₦'000		₦'000		₦'000
Revenue	56%	84,746,613	34%	51,453,301	10%	15,133,324	100%	151,333,238
- Petroleum products	53%	60,071,952	34%	38,838,836	13%	15,133,324	100%	114,044,112
- Lubricant and others	66%	24,674,661	34%	12,614,466	0%	-	100%	37,289,127
Gross profit	58%	14,792,138	32%	8,161,180	10%	2,550,369	100%	25,503,687
- Petroleum products	47%	5,825,385	33%	4,046,970	21%	2,550,369	100%	12,422,724
- Lubricant and others	69%	8,966,753	31%	4,114,211	0%	-	100%	13,080,964
Finance income	19%	17,975	80%	75,686	1%	946	100%	94,607
Finance costs	69%	(580,987)	28%	(235,763)	3%	(25,259)	100%	(842,010)
Income taxation	31%	(1,151,023)	52%	(1,930,748)	17%	(631,205)	100%	(3,712,976)
Impairment loss on trade receivable	0%	-	100%	(67,617)	0%	-	100%	(67,617)
Depreciation	93%	(2,275,531)	7%	(171,276)	0%	-	100%	(2,446,807)
Amortisation	92%	(20,485)	6%	(1,781)	2%	(445)	100%	(22,266)
Depreciation of Right-of-use asset	66%	(619,135)	34%	(318,948)	0%	-	100%	(938,083)

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

5.2 Segment assets and liabilities

30 June 2022								
		NETWORK		GENERAL		AVIATION		TOTAL
		₦'000		TRADE		₦'000		₦'000
Non-current assets	74%	36,616,334	21%	10,689,735	5%	2,489,793	100%	49,795,862
Current tax assets	54%	385,265.00	37%	262,065.00	9%	64,022	100%	711,351
Inventories	54%	29,621,096	37%	20,148,853	9%	4,922,303	100%	54,692,251
Receivables and prepayments	54%	53,163,880	37%	36,163,121	9%	8,834,539	100%	98,161,539
Cash and cash equivalents ¹	52%	33,658,709	36%	23,302,183	12%	7,767,394	100%	64,728,287
ASSETS		153,445,284		90,565,957		24,078,050		268,089,290
Addition to non-current assets	74%	180,589	21%	52,721	5%	12,280	100%	245,590
Payables, deferred income, employee benefits and current tax liabilities ²	54%	85,970,817	37%	58,479,058	9%	14,286,251	100%	158,736,127
Borrowings ¹	52%	29,921,863	36%	20,715,135	12%	6,905,044	100%	57,542,043
Non-current liabilities (less non-current portion of lease liabilities)	55%	3,914,405	37%	2,633,327	8%	569,369	100%	7,117,101
Lease liabilities	100%	632,303	0%	-	0%	-	100%	632,303
LIABILITIES		120,439,388		81,827,520		21,760,664		224,027,574

31 December 2021								
		NETWORK		GENERAL		AVIATION		TOTAL
		₦'000		TRADE		₦'000		₦'000
Non-current assets	74%	36,435,744	21%	10,637,014	5%	2,477,514	100%	49,550,272
Current tax assets	54%	871,179.00	37%	592,593.00	9%	144,769	100%	1,608,541
Inventories	54%	15,815,731	37%	10,758,172	9%	2,628,188	100%	29,202,091
Receivables and prepayments	54%	35,428,697	37%	24,099,299	9%	5,887,384	100%	65,415,381
Cash and cash equivalents ¹	53%	33,364,921	37%	23,292,492	10%	6,295,268	100%	62,952,681
ASSETS		121,916,272		69,379,570		17,433,123		208,728,966
Addition to non-current assets	74%	-	21%	-	5%	-	100%	-
Payables, deferred income, employee benefits and current tax liabilities	54%	77,859,223	37%	52,961,391	9%	12,938,303	100%	143,758,917
Borrowings ¹	53%	8,011,906	37%	5,593,217	10%	1,511,679	100%	15,116,802
Non-current liabilities (less non-current portion of lease liabilities)	53%	3,773,980	35%	2,492,252	12%	854,487	100%	7,120,719
Lease liabilities	100%	1,113,223	0%	-	0%	-	100%	1,113,223
LIABILITIES		90,758,332		61,046,860		15,304,468		167,109,661

¹For 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.

²Payables, deferred income, employee benefits and current tax liabilities are allocated based on the ratio of business activity of individual segments.

5.3 Geographic information

The Company is domiciled in Nigeria. During the year, no products were sold to any of its affiliates in Congo, Cameroon, Niger and Gabon. The geographic information analyses the Company's revenue and cost of sales by the Company's country of domicile and other countries. No customer accounted for more than 10% of revenue in the period ended (2021: Nil).

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

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

6 Revenue

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

	30 June 2022	30 June 2021
	₦'000	₦'000
Petroleum products	147,001,691	114,044,112
Lubricants and others	62,012,679	37,289,127
	<u>209,014,370</u>	<u>151,333,239</u>

The above revenue streams are recognised at a point in time.

7 Auditor's remuneration

The analysis of auditors' remuneration is as follows:

	30 June 2022	30 June 2021
	₦'000	₦'000
Statutory audit fees	34,025	28,225
Total audit fees	34,025	28,225
	<u>34,025</u>	<u>28,225</u>

7.1 Fees paid to professional consultants

	30 June 2022	30 June 2021
	₦'000	₦'000
Tax services	86,654	79,129
Information technology services	625,859	628,674
Litigation services	44,923	40,577
Recruitment and remuneration services	6,497	1,955
Air Total International subrogation fees	43,718	27,177
Product supply fees and certifications	130,621	212,682
Other services	44,699	27,760
	<u>982,971</u>	<u>1,017,954</u>

8 Net finance costs

	30 June 2022	30 June 2021
	₦'000	₦'000
Finance income:		
Interest income		
Interest on deposits for unclaimed dividend	38,800	13,503
Interest on loans	63,844	63,781
Interest on deposits	1,019,270	17,323
<i>Total interest income arising from financial assets measured at amortized cost</i>	<u>1,121,914</u>	<u>94,607</u>
Total finance income	<u>1,121,914</u>	<u>94,607</u>
Finance costs:		
Interest on lease liabilities	(42,891)	(196,195)
Interest on import loans	(802,168)	(10,559)
Interest on bank overdrafts	-	(635,256)
Interest on other loans	(1,081,385)	-
Total finance costs	<u>(1,926,444)</u>	<u>(842,010)</u>
Net finance costs	<u>(804,530)</u>	<u>(747,403)</u>

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

9 Other income and expenses

	30 June 2022	30 June 2021
	₦'000	₦'000
9.1 Other income		
Network income ¹	1,658,328	1,256,558
Gain on disposal of property, plant and equipment	11,964	46,795
Net foreign exchange gain	70,964	986,427
	<u>1,741,256</u>	<u>2,289,780</u>

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

10 Expenses by nature

	30 June 2022	30 June 2021
	₦'000	₦'000
Net changes in inventory of lubes, greases and refined products	172,466,939	123,369,998
Custom duties	1,976,560	1,783,383
Transport of supplies	4,768,911	676,170
Transport on sales	2,328,841	1,606,304
Staff costs (Note 32(iii))	5,926,573	5,137,811
Depreciation (Note 16)	2,630,701	2,446,807
Depreciation - Right-of-use asset (Note 17 (i))	1,020,314	938,083
Amortisation of software (Note 15)	21,825	22,266
Rent ²	54,434	40,713
Technical assistance and management fees (Note 31.2)	2,066,575	1,851,213
Maintenance expenses	791,168	847,769
Motor fuels and travelling expenses	724,640	380,164
Communication, computer and stationery expenses	187,428	169,675
Bank charges	30,917	205,195
Business promotion and publicity	240,156	73,884
Other expenses	32,301	12,575
Security & guarding	175,671	132,178
Fees paid to professional consultants (Note 7.1)	982,971	1,017,954
Purchase of consumables	64,857	80,404
Insurance	142,223	121,999
Service charge	54,287	41,752
Levies	123,403	103,334
Entertainment expenses	46,823	21,304
Engineering studies	74,515	104,298
Auditor's Remuneration (Note 7)	34,025	28,225
Total cost of sales, selling & distribution costs and administrative expenses	<u>196,967,058</u>	<u>141,213,458</u>

² Relates to rent on short-term leases to which practical expedient under IFRS 16 applies.

Analyzed in the statement of profit and loss and other comprehensive income as follows;

	2022	2021
	₦'000	₦'000
Cost of sales	179,212,410	125,829,551
Selling & distribution	2,328,841	1,606,304
Administrative expenses	15,425,807	13,777,603
	<u>196,967,058</u>	<u>141,213,458</u>

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

11 Company Income Tax Income tax expense

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

Minimum Tax

The Company has applied the provisions of the Companies Income Tax Act and the Finance Act 2021 that mandates a minimum tax assessment, where a tax payer's tax liability based on taxable profit is less than the minimum tax liability. The Company's assessment based on the minimum tax legislations for the period ended 30 June 2022 is nil (30 June 2021; Nil) See Note 11.1.3.

The Directors believe that the tax liabilities recognised represents best estimate based on their interpretation of the tax law.

11.1.1 Amounts recognised in profit or loss

	30 June 2022	30 June 2021
	₦'000	₦'000
Current tax expenses:		
Company Income Tax (CIT)	3,790,968	3,312,186
Tertiary Education Tax (TET)	399,940	331,499
Nigeria Police Trust Fund Levy (NPTF) ¹	635	83
National Agency for Science and Engineering Infrastructure Act (NASENI) levy	31,755	-
Current year tax expense	4,223,298	3,643,768
Deferred tax		
Origination and reversal of temporary differences (Note 11.3)	(19,550)	69,208
	4,203,748	3,712,976

11.1.2 Reconciliation of effective tax rate

	30 June 2022	30 June 2021
	₦'000	₦'000
Profit before tax	12,732,574	11,778,566
Income tax using the statutory tax rate (30%)	3,819,772	3,533,570
Effect of tertiary education tax rate - 2.5%	318,314	235,571
Nigeria Police Trust Fund Levy (NPTF)	635	83
Non-deductible expenses	(95,519)	8,507
Non-taxable income	66,313	(14,974)
National Agency for Science and Engineering Infrastructure (NASENI) Levy ²	31,755	-
Tax incentives	40,284	-
Other differences	22,194	(81,594)
	4,203,749	3,681,163

¹ The Nigerian Police Trust Fund (Establishment) Act, 2019 imposes a levy of 0.005% of the net profit of companies operating business in Nigeria.

² The National Agency for Science and Engineering Infrastructure (NASENI) Act imposes a levy of 0.25% of the net profit of companies operating business in Nigeria.

11.2 Movement in current tax liability

	30 June 2022	31 December 2021
	₦'000	₦'000
Balance as at 1 January	6,136,740	438,797
Provision for the year (Note 11.1.1)	4,223,298	6,681,742
Payments during the period	(5,545,175)	(275,947)
Withholding tax credit notes	(1,136,567)	(707,852)
Balance as at 30 June	3,678,296	6,136,740

11.2.1 Movement in Withholding tax

	30 June 2022	31 December 2021
	₦'000	₦'000
Balance as at 1 January	1,608,541	1,645,997
WHT Credit Notes received in the year	239,376	670,396
Withholding Tax used to offset CIT	(1,136,567)	(707,852)
Balance as at 30 June	711,350	1,608,541
Analysed as		
Current	711,351	1,608,541
Non-current	-	-
	711,351	1,608,541
<i>Amount recognised in statement of cashflows</i>	897,191	37,456

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

11.3 Deferred taxation

Deferred tax assets and liabilities are attributable to the following;

	Assets		Liabilities		Net	
	30 June	31 December	30 June	31 December	30 June	31 December
	2022	2021	2022	2021	2022	2021
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	-	-	(6,826,688)	(6,810,410)	(6,826,688)	(6,810,410)
Provision for doubtful debts	590,620	520,193	-	-	590,620	520,193
Provision for employee benefits	379,759	377,146	-	-	379,759	377,146
Provision for inventory	-	-	-	-	-	-
Right of Use Lease provisions	13,956	2,602	-	-	13,956	2,602
Net unrealised foreign exchange differences	-	-	(108,614)	(182,823)	(108,614)	(182,823)
Provision for rebranding cost	-	122,775	-	-	-	122,775
	984,335	1,022,716	(6,935,302)	(6,993,233)	(5,950,967)	(5,970,517)

Movement in deferred tax balances during the year;

	Balance	Recognised	Recognised in OCI	Balance	Recognised in	Recognised in OCI	Balance
	1 January	in profit or		31 December	profit or loss		30 June
	2021	loss		2021	OCI		2022
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	(5,102,521)	(1,707,889)	-	(6,810,410)	(16,278)	-	(6,826,688)
Provision for doubtful debts	416,607	103,586	-	520,193	70,427	-	590,620
Provision for employee benefits	226,668	151,243	(766)	377,145	2,613	-	379,758
Provision for inventory	24,583	(24,583)	-	-	-	-	-
Lease provisions	22,926	(20,324)	-	2,602	11,354	-	13,956
Net unrealised foreign exchange differences	(91,933)	(90,889)	-	(182,822)	74,209	-	(108,613)
Provision for rebranding cost	-	122,775	-	122,775	(122,775)	-	-
	(4,503,670)	(1,466,081)	(766)	(5,970,517)	19,550	-	(5,950,967)

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), the Finance Act 2021, the tertiary education tax charge is based on the Tertiary Education Trust Fund Act, 2011 and the Nigeria Police Trust Fund (Establishment) Act 2019.

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

12 Employee benefits

	30 June 2022	31 December 2021
	₦'000	₦'000
Long service awards (Note 12(a))	922,338	1,003,659
Home ownership scheme (Note 12(b))	78,436	70,076
	<u>1,000,774</u>	<u>1,073,735</u>
Other long term employee benefits		
Post employment medical services (Note 12(c))	165,360	84,360
Balance as at 30 June 2022	<u>1,166,134</u>	<u>1,158,095</u>
Analysed as:		
Current	-	7,893
Non-current	<u>1,166,134</u>	<u>1,150,202</u>
	<u>1,166,134</u>	<u>1,158,095</u>

Employee benefits represents the Company's liability for:

a) Long service awards - Staff who have attained the milestones for the specified number of years of service in the Company (i.e. 10 years, 15 years and 20 years) are rewarded with cash and gift items as long service awards. An additional provision of ₦33 million has been made during the period ended 30 June 2022 (2021: Nil). See note 32 (iii). Payment of ₦114.32 million was made to qualifying employees during the period (2021: Nil).

b) Home ownership scheme - Under the home ownership scheme, qualifying staff are entitled to a grant which is a one-off payment upon tenth anniversary. An additional provision of ₦10.5 million has been made during the period ended 30 June 2022 (2021: Nil). See note 32 (iii). Payment of ₦2.14 million was made to qualifying employees during the period (2021: Nil).

c) Post employment medical benefits - A post-retirement medical coverage is extended to ex-staff for five (5) years on early retirement or eight (8) years on normal retirement (i.e. at the retirement age of 60 years) as well as two (2) years for dependent relatives of a deceased staff. An additional provision of ₦81 million has been made during the period ended 30 June 2022 (2021: Nil). See note 32 (iii). No payment was made to qualifying employees during the period (2021: Nil).

Provision for employee benefits as at 30 June 2022 was ₦1.17 billion (2021: ₦1.16 billion) with a non-current portion of ₦1.17 billion (2021: ₦1.15 billion) and no current portion. (2021: ₦7.89 million).

13 Dividends

Declared dividends

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

	30 June 2022	31 December 2021
	₦'000	₦'000
<i>Final dividend - Prior year</i>		
₦18.20 per qualifying ordinary share (2021: ₦6.08)	6,179,297	2,063,385
<i>Interim dividend:</i>		
₦0.00 per qualifying ordinary share (2021: ₦4.00)	-	1,358,087
	<u>6,179,297</u>	<u>3,421,472</u>

13.1 Dividend payable

	30 June 2022	31 December 2021
	₦'000	₦'000
Balance as at 1 January	2,248,093	2,362,882
Final dividend (prior year)	6,179,297	2,063,385
Interim dividend (current year)	-	1,358,087
	<u>8,427,390</u>	<u>5,784,354</u>
Forfeited dividend (Note 13.1(a))	(92,881)	(26,078)
Dividend paid	<u>(3,266,509)</u>	<u>(3,510,183)</u>
Balance as at 30 June	<u>5,068,000</u>	<u>2,248,093</u>

(a) By the provision of Section 429 of the Companies and Allied Matters Act (CAMA), 2020, where dividends paid by a company remain unclaimed, the company shall publish in two national newspapers, a list of the unclaimed dividends and the names of the persons entitled to the dividends, and attach the list, as published in the national newspapers, to the notice that is sent to the members of the company for each subsequent annual general meeting of the company.

After the expiration of three months of the publication and notice, the company may invest the unclaimed dividend for its own benefit in investments outside the company and no interest shall accrue on the dividends against the company.

However, Section 60 (3) of the Finance Act 2020 provides that dividends of a public limited liability company quoted on the Nigerian Stock Exchange which has remained unclaimed for a period of six years or more from the date of declaring the dividend shall be immediately transferred to the Unclaimed Funds Trust Fund.

14 Earnings per share (EPS)

Basic earnings per share

Basic earnings per share of ₦25.12 (2021: ₦23.76) is based on profit attributable to ordinary shareholders of ₦8.53 billion (2021: ₦8.07 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 (2021: 339,521,837 ordinary shares).

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

	30 June 2022	30 June 2021
Earnings		
Profit for the year attributable to shareholders (expressed in Naira)	<u>8,528,826,255</u>	<u>8,065,590,490</u>
Number of shares		
Weighted average ordinary shares of 50 kobo each	<u>339,521,837</u>	<u>339,521,837</u>
Basic profit per 50 kobo share (expressed in Naira)	<u>25.12</u>	<u>23.76</u>

The denominators for the purposes of calculating basic earnings per share are based on issued and paid ordinary shares of 50 kobo each as at 30 June 2022.

15 Intangible assets

The movement on these accounts were as follows:

	Computer software and software licensing
	₦'000
Cost	
Balance as at 1 January 2021	576,218
Additions	27,606
Balance as at 31 December 2021	<u>603,824</u>
Balance as at 1 January 2022	603,824
Additions	1,339
Balance as at 30 June 2022	<u>605,163</u>
Amortisation¹	
Balance as at 1 January 2021	(433,798)
Charge for the year	(46,724)
Balance as at 31 December 2021	<u>(480,522)</u>
Balance as at 1 January 2022	(480,522)
Charge for the year	(21,825)
Balance as at 30 June 2022	<u>(502,347)</u>
Carrying amount	
At 1 January 2021	142,420
At 31 December 2021	<u>123,302</u>
At 30 June 2022	<u>102,816</u>

¹Amortisation of intangible assets are included in administrative expenses in Profit or Loss. (See Note 10)

There are no items of intangible assets restricted or pledged as security. There are also no contractual commitments to purchase any items of intangible assets as at period end.

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NOTES TO THE FINANCIAL STATEMENTS

16 Property, plant and equipment

The movement on these accounts were as follows:

	Land N'000	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
Cost								
Balance as at 1 January 2021	4,768,062	19,006,757	23,382,339	488,103	14,385,045	3,433,265	6,036,307	71,499,877
Additions	-	1,183	-	25,811	-	1,225,226	7,203,022	8,455,242
Transfers (Note 16.1)	25,044	735,314	2,878,991	20,405	1,191,987	573,723	(6,103,212)	(677,748)
Disposals	(8,778)	(208,933)	(441,631)	(2,329)	(301,905)	(44,953)	-	(1,008,529)
Balance as at 31 December 2021	<u>4,784,328</u>	<u>19,534,321</u>	<u>25,819,699</u>	<u>531,990</u>	<u>15,275,127</u>	<u>5,187,261</u>	<u>7,136,117</u>	<u>78,268,842</u>
Balance as at 1 January 2022	4,784,328	19,534,321	25,819,699	531,990	15,275,127	5,187,261	7,136,117	78,268,842
Additions	-	-	-	-	-	-	4,274,871	4,274,871
Transfers (Note 16.1)	6,611	397,621	271,784	6,540	206,063	248,460	(1,180,031)	(42,952)
Disposals	(30,565)	(2,942)	(102,667)	(119)	(44,141)	(56,904)	-	(237,338)
Balance as at 30 June 2022	<u>4,760,374</u>	<u>19,929,000</u>	<u>25,988,816</u>	<u>538,411</u>	<u>15,437,049</u>	<u>5,378,817</u>	<u>10,230,957</u>	<u>82,263,423</u>
Accumulated depreciation and impairment								
Balance as at 1 January 2021	(686,406)	(6,542,353)	(11,703,555)	(478,719)	(13,559,029)	(2,322,161)	-	(35,292,223)
Charge for the year	-	(920,598)	(1,867,402)	(24,566)	(1,706,741)	(532,141)	-	(5,051,448)
Eliminated on disposals	-	72,613	438,283	1,152	252,345	44,953	-	809,346
Balance as at 31 December 2021	<u>(686,406)</u>	<u>(7,390,338)</u>	<u>(13,132,674)</u>	<u>(502,133)</u>	<u>(15,013,425)</u>	<u>(2,809,349)</u>	-	<u>(39,534,325)</u>
Balance as at 1 January 2022	(686,406)	(7,390,338)	(13,132,674)	(502,133)	(15,013,425)	(2,809,349)	-	(39,534,325)
Charge for the period	-	(461,827)	(1,352,136)	(14,888)	(424,386)	(377,464)	-	(2,630,701)
Eliminated on disposal	-	2,425	102,667	119	44,140	56,904	-	206,255
Balance as at 30 June 2022	<u>(686,406)</u>	<u>(7,849,740)</u>	<u>(14,382,143)</u>	<u>(516,902)</u>	<u>(15,393,671)</u>	<u>(3,129,909)</u>	-	<u>(41,958,771)</u>
Carrying amount								
At 1 January 2021	<u>4,081,656</u>	<u>12,464,404</u>	<u>11,678,784</u>	<u>9,384</u>	<u>826,016</u>	<u>1,111,104</u>	<u>6,036,307</u>	<u>36,207,654</u>
At 31 December 2021	<u>4,097,922</u>	<u>12,143,983</u>	<u>12,687,025</u>	<u>29,857</u>	<u>261,702</u>	<u>2,377,912</u>	<u>7,136,117</u>	<u>38,734,517</u>
At 30 June 2022	<u>4,073,968</u>	<u>12,079,260</u>	<u>11,606,673</u>	<u>21,509</u>	<u>43,378</u>	<u>2,248,908</u>	<u>10,230,957</u>	<u>40,304,652</u>

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

16.1 Transfers represent additions to other categories of PPE as well as from prior year's work-in-progress as they become completed.

Capital work in progress (CWIP) items include construction and other tangible asset awaiting completion. Major additions relate to upgrade of depot, acquisition of computer hardware, generators, motor vehicles, upgrade of information technology infrastructure, structural and civil upgrade of stations as well as integrity test of multi-product pipeline. Included in transfers out of CWIP are intangible items and right-of-use assets for which lease arrangements were finalised. ₦1.34 million (2021: ₦677.75 million) was transferred into the asset classes during the period.

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17 Leases as lessee (IFRS 16)

The Company leases service stations, storage facilities and staff buses. Service Station leases typically run for a period of 10 years, with an option to renew the lease after that date. Option to renew is not legally enforceable as it is not unilateral and requires the consent of both parties. See Note 17 (iv). Storage facilities leases runs for 5 years. Staff bus leases typically run for 5 years which is the useful life of the asset. Service station leases entered into are usually combined leases of land and buildings. The Company leases residential spaces with contract terms of one year. These leases are short term. The renewal option of these residential spaces are mostly at the sole instance of the Company. The renewal of these spaces is based on them fulfilling the business needs of the Company per time. The Company has elected not to recognise right-of-use assets and lease liabilities for these leases. Information about leases for which the Company is a lessee is presented below:

i. Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as a separate line item on the statement of financial position.

	Leasehold buildings	Motor vehicles	Storage facilities	Total
	₦'000	₦'000	₦'000	₦'000
Cost				
Balance as at 1 January 2021	9,830,429	993,971	756,609.00	11,581,009
Additions	1,005,508	610,458	-	1,615,966
Disposals	(86,675)	-	-	(86,675)
Balance as at 31 December 2021	<u>10,749,262</u>	<u>1,604,429</u>	<u>756,609</u>	<u>13,110,300</u>
At 1 January 2022	10,749,262	1,604,429	756,609	13,110,300
Additions	41,612	-	-	41,612
Disposals	-	-	-	-
Balance as at 31 March 2021	<u>10,790,874</u>	<u>1,604,429</u>	<u>756,609</u>	<u>13,151,912</u>
Accumulated depreciation and impairment				
Balance as at 1 January 2021	(2,619,110)	(620,904)	(151,156)	(3,391,170)
Charge for the period	(1,517,438)	(261,186)	(150,932)	(1,929,556)
Eliminated on disposals	72,604	-	-	72,604
Balance as at 31 December 2021	<u>(4,063,944)</u>	<u>(882,090.00)</u>	<u>(302,088.00)</u>	<u>(5,248,122)</u>
At 1 January 2022	(4,063,944)	(882,090)	(302,088)	(5,248,122)
Charge for the period	(777,436)	(167,340)	(75,538)	(1,020,314)
Eliminated on disposals	-	-	-	-
Balance as at 31 March 2021	<u>(4,841,380)</u>	<u>(1,049,430.00)</u>	<u>(377,626.00)</u>	<u>(6,268,436)</u>
Carrying amount				
At 1 January 2021	7,211,319	373,067	605,453	8,189,839
At 31 December 2021	<u>6,685,318</u>	<u>722,339</u>	<u>454,521</u>	<u>7,862,178</u>
At 30 June 2022	<u>5,949,494</u>	<u>554,999</u>	<u>378,983</u>	<u>6,883,476</u>

ii. Amounts recognised in profit or loss

	2022	2021
	₦'000	₦'000
Interest on lease liabilities	(42,891)	(196,195)
Depreciation	<u>(1,020,314)</u>	<u>(1,929,556)</u>

iii. Amounts recognised in statement of cash flows

	2022	2021
	₦'000	₦'000
Additions to right-of-use assets	(41,612)	(504,143)
Interest on lease liabilities	(42,891)	(196,195)
Payments on lease liabilities	(146,891)	(223,796)
Changes in right of use asset	(334,029)	(29,338)
Total cash outflow for leases	<u>(565,423)</u>	<u>(953,472)</u>

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iv. Extension options

The Company's service station lease agreements contain extension options exercisable by the Company. Where practicable, the Company seeks to include extension options in its leases to provide operational flexibility. The extension options held are exercisable only by the Company but require the consent of the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options because the Company usually prepays its station leases for about 7 -10 years and due to the fact that the decision to renew is usually based on the results of an economic evaluation of each individual service station's performance to determine if it is financially viable to extend the lease. The directors have concluded that it is not reasonably certain at commencement of the leases to determine whether or not the leases will be renewed.

The Company has estimated that there are no potential future lease payments as its current assessment is that it is not probable that the lease extension option would be exercised.

The Company also estimates that obligations arising from termination of the lease are insignificant as moveable assets are reassigned to other locations at minimal transport costs while immovable assets are expected to be fully depreciated at the end of the lease term.

17.1 Leases as lessor

The Company has lease arrangements with its transporters consisting of leased trucks. These leases are classified as a finance lease.

i. Finance lease

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	30 June 2022	31 December 2021
	N'000	N'000
Less than one year	113,134	139,223
One to two years	359,474	442,370
More than five years	130,038	160,025
Total undiscounted lease receivable	602,645	741,618
Unearned finance income	(53,595)	(65,955)
Net investment in the lease	549,050	675,663

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18 Inventories

Inventories comprise:

	30 June 2022	31 December 2021
	N'000	N'000
Raw materials	8,511,679	5,832,179
Goods in transit	8,628,891	8,339,963
Finished goods	36,957,263	14,620,711
Consumable equipment and spares	594,418	409,238
	54,692,251	29,202,091

In 2022, inventories amounting N172.47 billion (2021: N123.37billion) were recognised as an expense during the year and included in 'cost of sales'.

No item of inventory was pledged as securities for liabilities during the period.

(a) Reconciliation of changes in inventory to statement of cashflows is as follows:

	30 June 2022	30 June 2021
	N'000	N'000
Balance at 1 January	29,202,091	21,619,936
Balance at 30 June	(54,692,251)	(29,484,507)
Cost of disposed inventory	-	(891,174)
(Write back)/ Net write down of inventory (See Note 18.1)	(139,798)	(65,439)
Amount recognised in statement of cashflows	(25,629,958)	(8,821,184)

18.1 Movement in write down of inventories

	30 June 2022	31 December 2021
	N'000	N'000
Balance as at 1 January	467,774	569,767
Write down of inventory ¹	265,869	72,213
Reversal of write downs from previous periods ²	(126,071)	(174,206)
Balance as at 30 June	607,572	467,774

¹During the year, amounts of N265.87 million were written down and recognised in cost of sales. (2021: N72.21 million)

²Reversal of prior period write down arose because alternatives uses were found for the products.

19 Trade and other receivables (Current)

	30 June 2022	31 December 2021
	N'000	N'000
Customers account	38,635,718	26,736,035
Due from related parties (Note 31.2)	1,085,436	1,340,405
Total trade receivables	39,721,154	28,076,440
Net investment in finance lease (Note 19.1.1)	97,436	119,905
Advance on letters of credit	3,519,134	-
Bridging claims	15,370,685	12,931,278
Unclaimed dividends	1,528,286	1,632,946
Employee loans and receivables	3,984,588	1,246,204
Advance to supplier	25,488,402	17,399,246
Other receivables	4,417,025	2,560,428
Total other receivables	57,236,523	35,890,007
	96,957,677	63,966,447

Information about the Company's exposures to credit and market risks, and impairment losses for trade receivables is included in Note 27 (iv).

19.1 Trade and other receivables (Non-current)

Non-current portion of trade and other receivables comprise:

	30 June 2022	31 December 2021
	N'000	N'000
Employee receivables	1,602,139	2,074,729
Net investment in finance lease (Note 19.1.1) ¹	451,614	555,758
Advance for PPE	451,165	199,788
	2,504,918	2,830,275

¹Amount represents the sum of net investment in finance lease between one and five years and more than five years. (See Note 19.1.1)

(a) Reconciliation of changes in trade and other receivables to statement of cashflows is as follows:

	30 June 2022	30 June 2021
	N'000	N'000
Balance at 1 January (current)	63,966,447	41,335,763
Balance at 1 January (non-current)	2,830,275	2,326,547
Balance at 30 June (current)	(96,957,677)	(56,549,273)
Balance at 30 June (non-current)	(2,504,918)	(2,310,785)
Foreign exchange impact on trade and other receivables	(796,436)	103,604
Amount recognised in statement of cashflows	(33,462,309)	(15,094,144)

19.1.1 Finance lease receivable

The Company leases transport equipment to some of its transporters under a finance lease arrangement. The lease term is between three to five years, with options to extend. The finance lease receivables at the end of the reporting year are neither past due nor impaired. At 30 June 2022, the carrying amount of leased equipment was N0.55 billion (2021: N0.68 billion). The carrying amount of the finance lease receivables approximates their fair value and may be analysed as follows:

	30 June 2022	31 December 2021
	N'000	N'000
Gross investment in finance lease receivable	602,645	741,618
Unearned finance income	(53,595)	(65,955)
Net investment in finance lease	549,050	675,663

Net investment in finance lease

	30 June 2022	31 December 2021
	N'000	N'000
Less than one year (Note 19)	97,436	119,905
Between one and five years (Note 19.1)	326,520	401,816
More than five years	125,094	153,942
	549,050	675,663

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19.2 As at 30 June 2022, the ageing of trade receivables that were not impaired was as follows:

	30 June 2022	31 December 2021
	N'000	N'000
Neither past due nor impaired	35,507,168	24,154,016
0 - 90 days past due	2,626,715	2,311,454
91 - 180 days past due	173,357	121,949
Above 180 days past due	1,413,914	1,489,021
	<u>39,721,154</u>	<u>28,076,440</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. See credit risk assessment in Note 27 (iv).

19.3 Ageing of impairments

The Company considers its receivables to be impaired when normal collection methods, including the use of collection agents fail.

20 Prepayments

	30 June 2022	31 December 2021
	N'000	N'000
Current		
Prepaid rent*	626,556	46,308
Prepaid insurance	113,267	224,212
Employee advances	464,039	1,178,414
Total prepayments	<u>1,203,862</u>	<u>1,448,934</u>

*Prepaid rent are short-term leases for which the company has elected not to recognise as ROU asset

(a) Reconciliation of changes in prepayments to statement of cashflows is as follows:

	30 June 2022	30 June 2021
	N'000	N'000
Balance at 1 January	1,448,934	1,130,452
Balance at 30 June	(1,203,862)	(1,125,669)
Transfers from capital work in progress	42,952	504,940
<i>Amount recognised in statement of cashflows</i>	<u>288,024</u>	<u>509,723</u>

	30 June 2022	31 December 2021
	N'000	N'000
21 Loans and borrowings		
(i) Current liabilities		
Short term intercompany loan	20,881,041	7,687,924
Trade finance loan	36,661,002	7,428,878
Total borrowings	<u>57,542,043</u>	<u>15,116,802</u>
(ii) Lease liabilities		
Non-current portion of lease	311,325	548,114
Current portion of lease liabilities	320,978	565,109
Total lease liabilities	<u>632,303</u>	<u>1,113,223</u>
Total	<u>58,174,346</u>	<u>16,230,025</u>

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21.1 Loans and borrowings (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			
	Bank overdrafts	Other loans and borrowings	Lease liabilities	Total
	₦'000	₦'000	₦'000	₦'000
Balance at 1 January 2022	-	15,116,802	1,113,223	16,230,025
Changes from financing cash flows				
Additional borrowings	-	67,264,153	-	67,264,153
Repayment of borrowings	-	(25,020,657)	-	(25,020,657)
Payment of lease liabilities	-	-	(146,891)	(146,891)
Total changes from financing cash flows	-	42,243,496	(146,891)	42,096,605
The effect of changes in foreign exchange rates	-	181,745	-	181,745
Other changes				
Change in bank overdraft	-	-	-	-
New leases	-	-	(334,029)	(334,029)
Interest paid	-	(1,883,553)	(42,891)	(1,926,444)
Interest expense	-	1,883,553	42,891	1,926,444
Total liability-related other changes	-	-	(334,029)	(334,029)
Balance at 30 June 2022	-	57,542,043	632,303	58,174,346
	Bank overdrafts	Other loans and borrowings	Lease liabilities	Total
	₦'000	₦'000	₦'000	₦'000
Balance at 1 January 2021	5,741,297	26,873,026	1,013,086	33,627,409
Changes from financing cash flows				
Additional borrowings	-	4,867,766	-	4,867,766
Repayment of borrowings	-	(17,586,240)	-	(17,586,240)
Payment of lease liabilities	-	-	(78,090)	(78,090)
Total changes from financing cash flows	-	(12,718,474)	(78,090)	(12,796,564)
The effect of changes in foreign exchange rates	-	962,250	-	962,250
Other changes				
Change in bank overdraft	(5,741,297)	-	-	(5,741,297)
New leases	-	-	178,227	178,227
Interest paid	(133,296)	(1,382,619)	(253,742)	(1,769,657)
Interest expense	133,296	1,382,619	253,742	1,769,657
Total liability-related other changes	(5,741,297)	-	178,227	(5,563,070)
Balance at 31 December 2021	-	15,116,802	1,113,223	16,230,025

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

- Bank overdrafts are repayable on demand. There were no bank overdrafts this year. The actual average interest rate on bank overdrafts for 2021 was approximately 6.36% per annum. This was determined based on banks' cost of funding plus lenders' mark-up. 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 interest charged on these loans vary depending on the LIBOR. The interest rate on these loans are usually between 6% to 10.5%.
- The Commercial paper instrument is a ₦30 billion programme established by TotalEnergies Marketing Nigeria Plc under which the company may from time to time issue Commercial Paper Notes, as may be agreed between the Arranger and the Issuer, in separate series or tranches. There is currently no issuance.
- Short term intercompany Loan represents an unsecured revolving loan facility with maximum cumulative draw down capped at \$257.75 million from TotalEnergies Upstream Nigeria Limited with a tenor of 1 year at 1 month LIBOR + 6.4%
- The carrying amount of current borrowings is a reasonable approximation of fair value as at 30 June, 2022.

a. Terms and repayment schedule

The terms and conditions of loans and borrowings are as follows;

	Currency	Nominal interest rate	Year of maturity	30 June 2022		31 December 2021	
				Face value	Carrying amount	Face value	Carrying amount
				₦'000	₦'000	₦'000	₦'000
Lease liabilities	NGN	11.35%	2020 - 2022	713,258	632,303	1,255,751	1,113,223
Short term intercompany loan	USD	Variable	2022	20,881,041	20,881,041	7,687,924	7,687,924
Trade finance loan	NGN	Variable	2022	36,661,002	36,661,002	7,428,878	7,428,878
				58,255,301	58,174,346	16,372,553	16,230,025

The Company has discounted lease liabilities using incremental borrowing rate of 11.35% (2021: 11.35%) which represents the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. There was no need to reassess the incremental borrowing rate in 2022.

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22 Trade and other payables	30 June 2022 ₦'000	31 December 2021 ₦'000
Trade payables :		
Amount due to related companies (Note 31.2)	81,025,305	78,701,103
Trade creditors	6,404,094	11,040,409
Bridging contribution	14,079,539	11,966,778
Payable to Petroleum Support Fund	104,581	629,274
	101,613,519	102,337,564
Other payables:		
Sundry creditors	28,748,067	14,715,133
Security deposits	8,934,526	2,266,957
Accrued liabilities	7,208,238	12,860,307
Dividend payable (Note 13.1)	5,068,001	2,248,094
Pay As You Earn (PAYE)	69,494	71,441
Staff pension	134,029	45,797
	50,162,355	32,207,729
Total trade and other payables	151,775,874	134,545,293

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

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

The Directors consider that the carrying amount of trade payables as at 30 June 2022 approximates their fair value. Information about the Company's exposure to currency and liquidity risks is included in Note 27(iii).

(a) Reconciliation of changes in trade and other payables to statement of cashflows is as follows:

	30 June 2022 ₦'000	30 June 2021 ₦'000
Balance at 1 January	(134,545,293)	(73,485,400)
Balance at 30 June	151,775,874	108,015,377
Movement in dividend payable (See Note 13.1)	(2,819,907)	(1,248,043)
Foreign exchange impact on trade and other payables	811,741	337,444
<i>Amount recognised in statement of cashflows</i>	15,222,415	33,619,378

22.1 Deferred income	30 June 2022 ₦'000	31 December 2021 ₦'000
Contract liabilities	3,268,644	3,056,943
Rental services	3,618	506
Advance received for solar distribution	9,695	11,542
	3,281,957	3,068,991

(a) Reconciliation of changes in deferred income to statement of cashflows is as follows:

	30 June 2022 ₦'000	30 June 2021 ₦'000
Balance at 1 January	(3,068,991)	(2,698,297)
Balance at 30 June	3,281,957	3,009,810
<i>Amount recognised in statement of cashflows</i>	212,966	311,513

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 contract liabilities. Contract liabilities primarily relate to the advance consideration received from customers for the sale of goods, for which revenue is recognised once the goods are delivered and have been accepted in the customers premises or picked up by the customer. The Company estimates this will be earned as revenue during the subsequent financial years.

23 Share capital	30 June 2022 ₦'000	30 June 2021 ₦'000
Authorised, Issued and fully paid:		
339,521,837 ordinary shares of 50 kobo each	169,761	169,761

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

24 Cash and cash equivalents	30 June 2022 ₦'000	30 June 2021 ₦'000
Bank and cash balances	37,073,018	24,470,440
Cash on hand	10,966	10,227
Cash balances with Total Treasury (Note 31.2)	27,644,303	30,796,306
Cash & cash equivalents in statement of financial position	64,728,287	55,276,973
Bank overdrafts (Note 21)	-	-
Cash & cash equivalents in statement of cash flows	64,728,287	55,276,973

The Company classifies amounts held with Total Treasury as cash and cash equivalents because they can be withdrawn at any time without penalties.

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25 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.

	30 June 2022	31 December 2021
Bonds	₦'000	₦'000
Total commitments given	3,000,000	3,000,000
Total commitments received	300,000	250,000

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

Commitments received include customers' guarantees.

Commitments received and given are held with local banks.

At 30 June 2022, the Company had contractual commitments for the acquisition of property, plant and equipment amounting to ₦2.23 billion (2021: ₦1.00 billion).

Contingent liabilities

There are contingent liabilities in respect of legal actions against the Company amounting to approximately ₦1.255 trillion (2021: ₦1.257 trillion). The Directors have not made provisions for these contingent liabilities as consultations have been made with the in-house legal team led by Olubunmi Popoola-Mordi - (FRC/2013/ICSAN/00000002042). The in-house legal team holds regular discussions and obtains expert opinion from the Company's external solicitors (on a need basis). Based on all information available as at date of issue of these financial statements (including historical reference of these cases), The directors, based on the advice of the in-house legal team have concluded that no material losses will crystallise against the Company.

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

26 Capital management

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

The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 21, 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

Gearing ratio is net debt to equity ratio.

	30 June 2022	31 December 2021
	₦'000	₦'000
Borrowings (Note 21)	57,542,043	15,116,802
Cash and cash equivalents (Note 24)	(64,728,287)	(62,952,681)
Lease liabilities (Note 21)	632,303	1,113,223
Net debt (calculated)	<u>(6,553,941)</u>	<u>(46,722,656)</u>
Net debt (restricted to a minimum of zero)	<u>-</u>	<u>-</u>
Equity	<u>44,061,716</u>	<u>41,619,305</u>
Net debt to equity ratio	<u>0:1</u>	<u>0:1</u>

Net debt is expressed as an aggregate of lease liabilities, long and short-term borrowings less cash and cash equivalents. The net debt applied in determining the net debt to equity ratio has been restricted to a minimum of zero. The negative position of the calculated net debt is as a result of reduced borrowings during the year. Equity includes all capital and reserves of the Company that are managed as capital.

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

27 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. As part of the company's strategy to manage interest rate risk, a ₦30 billion domestic Commercial Paper (CP) issuance programme for a three-year period was established in December 2020 under which commercial paper notes denominated in Naira, in separate series or tranche may be issued from time to time to meet the working capital needs of the Company. All debt instrument issued are unsecured and are for a period between 90 - 365 days.

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>30 June 2022</u> ₦'000	<u>31 December 2021</u> ₦'000
Variable rate instruments		
Borrowings (Note 21)	57,542,043	15,116,802
	<u>57,542,043</u>	<u>15,116,802</u>

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

27 Financial Risk Management (cont'd)

Currency risk management

The Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective currencies of the Company. The functional currency of the Company is the Nigerian Naira. The Company also transacts in United States Dollars (USD), Euros and Swiss Franc (CHF).

A movement in the exchange rate either positively or negatively by 30 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 year. The analysis assumes that all other variables, in particular interest rates, remain constant.

As at 30 June 2022

	Foreign currency	Naira balance	Exchange rate [*]	Effect of increase/decrease in exchange rate	
	'000	'000			₦'000
Trade receivables					
USD	3,782	1,658,785	438.60	'30%	497,636
Euro	(36)	(16,522)	458.95	'30%	(4,957)
Cash deposits					
USD	81,346	35,678,356	438.60	'30%	10,703,507
EURO	425	195,054	458.95	'30%	58,516
Trade payables					
USD	(61,007)	(26,757,670)	438.60	'30%	(8,027,301)
EURO	(1,372)	(629,679)	458.95	'30%	(188,904)
CHF	(42)	(18,766)	446.80	'30%	(5,630)
Net impact on profit or loss					
USD	24,121	10,579,471	438.60	30%	3,173,841
EURO	(983)	(451,148)	458.95	30%	(135,345)
CHF	(42)	(18,766)	446.80	30%	(5,630)

As at 31 December 2021

	Foreign currency	Naira balance	Exchange rate	Effect of increase/decrease in exchange rate	
	'000	'000			₦'000
Trade receivables					
USD	4,938	2,022,062	409.49	'30%	606,618
Euro	(8)	(3,705)	463.09	'30%	(1,111)
Cash deposits					
USD	3,971	1,626,085	409.49	'30%	487,825
EURO	86	39,826	463.09	'30%	11,948
Trade payables					
USD	(85,001)	(34,807,059)	409.49	'30%	(10,442,118)
EURO	(2,357)	(1,091,503)	463.09	'30%	(327,451)
CHF	(91)	(40,659)	446.80	'30%	(12,198)
Net impact on profit or loss					
USD	(76,092)	(31,158,913)	409.49	30%	(9,347,675)
EURO	(2,279)	(1,055,382)	463.09	30%	(316,616)
CHF	(91)	(40,659)	446.80	30%	(12,198)

A decrease in exchange rate by 30 percent (2021: 30 percent) against the above currencies at the reporting year 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, bank rate, and NAFEX which represents the Company's expected pattern of realisation and settlement.

The following exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2022	2021	2022	2021
USD	421.63	402.34	438.60	409.49
EURO	458.83	472.27	458.95	463.09
CHF	433.94	446.80	446.80	446.80

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

Financial Risk Management (cont'd)

(iii) Liquidity risk management

Liquidity and interest risk tables

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The following tables detail the Company's remaining contractual maturity for its derivative and non-derivative financial liabilities with agreed repayment periods. The amounts are gross and undiscounted and include contractual interest payments.

		Contractual cashflows					
		Carrying amount	Total	Less than 1 month	1 to 3 months	3 months to 1 year	More than 1 year
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
As at 30 June 2022							
Borrowings	(Note 21)	57,542,043	57,542,043	-	20,881,041	36,661,002	-
Trade payables	(Note 22)	101,613,519	101,613,519	6,404,094	81,129,886	14,079,539	-
Other payables ¹	(Note 22)	49,881,416	49,881,416	17,834,693	16,756,733	15,289,991	-
Lease liabilities	(Note 21)	632,303	713,258	-	-	362,073	351,184
		209,669,281	209,750,236	24,238,787	118,767,660	66,392,605	351,184
31 December 2021							
Borrowings	(Note 21)	15,116,802	15,116,802	-	7,687,924	7,428,878	-
Trade payables	(Note 22)	102,337,564	102,337,564	11,040,409	79,330,377	11,966,778	-
Other payables ¹	(Note 22)	31,901,982	31,901,982	11,406,293	10,716,877	9,778,812	-
Lease liabilities	(Note 21)	1,113,223	1,255,751	-	-	637,461	618,290
		150,469,571	150,612,098	22,446,702	97,735,178	29,811,929	618,290

¹The amount of other payables does not include statute-based deductions (Pay As You Earn tax, Withholding tax and Value Added Tax payables).

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

Financing facilities

Unsecured bank loans which are revolving trade loans with a tenure of one year and overdrafts payable at call are reviewed annually. Commercial papers are unsecured instruments which are payable at the expiration of their tenure.

	2022	2021
	₦'000	₦'000
Amount used	36,661,002	7,428,878
Amount unused	66,838,998	96,071,122
Total Facilities	103,500,000	103,500,000

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

Financial Risk Management (cont'd)

(iv) Credit risk management

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

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

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

The credit policy of TotalEnergies Marketing 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 the 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 Company held cash and cash equivalents of ₦64.72 billion (net of cash on hand) at 30 June 2022 (2021: ₦55.27 billion) with banks and financial institutions with high credit ratings, rated B to AAA based on the Fitch rating agency and Total treasury.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short-term maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Company did not record any ECL impairment for the year. (2021: Nil).

Trade and other receivables

A summary of the Company's exposure to credit risk for trade receivables is as follows:

As at 30 June 2022

	<u>Not Credit Impaired</u>	<u>Credit Impaired</u>	<u>Total</u>
	₦'000	₦'000	₦'000
Trade receivables	<u>41,057,319</u>	<u>1,336,165</u>	<u>39,721,154</u>

As at 31 December 2021

	<u>Not Credit Impaired</u>	<u>Credit Impaired</u>	<u>Total</u>
	₦'000	₦'000	₦'000
Trade receivables	<u>29,388,862</u>	<u>1,312,422</u>	<u>28,076,440</u>

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

Financial Risk Management (cont'd)

The maximum exposure to financial assets at the reporting date by type of counterparty was:

	30 June	31 December
	2022	2021
	₦'000	₦'000
Customers	38,635,718	26,736,035
Due from related parties	1,085,436	1,340,405
Due from regulators (Government entities)	18,201,652	12,931,278
Other receivables	6,921,943	5,390,703
Cash and cash equivalent	64,717,321	62,944,538
	129,562,070	109,342,959

Due from related parties

The Company has transactions with its parent and other related parties who are related to the Company by virtue of being members of the Total Group. In the directors' view, all amounts are collectible. Related party receivable balances were assessed for ECL impairment, in accordance with IFRS 9. This assessment is performed together with the trade receivables balances from other customers as at year end.

Due from regulators

This comprises amount due from PPPRA with respect to subsidies/PSF receivables on imported products as well as amounts receivable from PEF with respect to bridging claims. Bridging claims receivables are usually netted off against the payables following reconciliations with PEF. There is no loss experience with government receivables as the determination of amounts due are based on existing regulations/ guidelines and impairment is only recognised when changes occur in the regulations/ guidelines that prohibit or limit recovery of previously recognised amounts. Therefore, the Company has recorded no loss experience with government receivable as this is always deemed receivable and the settlement pattern of the government is not defined or definite.

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 factors such as continued business/employment relationship and ability to offset amounts against transactions due to these parties. Where such does not exist, the amounts are impaired. Other receivables were assessed for impairment in accordance with IFRS 9.

The finance lease receivables represent amounts due from transporters and these receivables are offset against payments due to them for transport services provided. They are not considered to be impaired as they are receivable based on timelines stipulated in the contracts.

Expected credit loss assessment for customers

The Company has adopted the use of the simplified approach in computing impairment of trade receivables using the allowance matrix to measure the Expected Credit Loss (ECL) of trade receivables from individual customers.

In arriving at the impairment amounts, the trade receivables are segmented based on the aging characteristics of the receivables and the applicable loss rates are applied to the respective trade receivables category.

After an assessment of the economic realities in Nigeria, loss rates for the year were based on actual credit loss experience on a customer by customer basis over the past three years using the lifetime expected credit loss approach.

Therefore, the historical loss rates have been applied to the trade-receivables balances in the calculation of the impairment loss. The Company also considered internal and external forward-looking information such as macro-economic indices as the Gross Domestic Product growth rate and specific customer repayment outlooks based on discussions with and commitments from its customers as well as knowledge of the industry.

Based on the above, loss rates on receivables that were calculated using a single default rate approach. The single default or loss rate approach is the amount that is expected to be written-off in each bucket (balances that are over 360 days past due in line with the Company's provisioning matrix) and divided by the relevant total unpaid balances included in each ageing bucket.

The following table provides information about the exposure to credit risk and ECLs for trade receivables, contract assets from customers and amounts due from related parties as at 30 June 2022.

30 June 2022	Weighted average	Gross carrying	Loss allowance	Credit
	loss ratio	amount		impaired
		₦'000	₦'000	
Current (not past due)	1.03%	39,143,334	402,767	No
1 - 30 days past due	37.40%	515,646	192,835	No
31 - 60 days past due	25.74%	410,489	105,679	No
61 - 180 days past due	29.13%	373,937	108,923	No
180 - 360 days past due	36.40%	138,293	50,341	No
More than 360 days past due	100.00%	475,620	475,620	Yes
		41,057,319	1,336,165	

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021	Weighted average loss ratio	Gross carrying amount	Loss allowance	Credit impaired
		₦'000	₦'000	
Current (not past due)	0.47%	25,473,996	120,695	No
1 - 30 days past due	45.20%	1,648,994	745,309	No
31 - 60 days past due	27.45%	516,852	141,898	No
61 - 180 days past due	11.11%	259,999	28,893	No
180 - 360 days past due	40.11%	255,774	102,593	No
More than 360 days past due	14.03%	1,233,247	173,034	Yes
		29,388,862	1,312,422	

Expected credit loss assessment for employee receivables

30 June 2022	Weighted average loss ratio	Gross carrying amount	Loss allowance	Credit impaired
		₦'000	₦'000	
Current (not past due)	0.00%	5,586,727	-	No
		5,586,727	-	

31 December 2021	Weighted average loss ratio	Gross carrying amount	Loss allowance	Credit impaired
		₦'000	₦'000	
Current (not past due)	0.00%	3,320,933	-	No
		3,320,933	-	

Loss rates are based on actual credit loss experience over the past six years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the year over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

In current year, no impairment has been recognised on employee loan receivables as amounts due are backed by collateral which include international shares, in-house pension schemes etc. that ensure the Company will be able to recover the debts from its employees.

Movements in the allowance for impairment in respect of trade receivables.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows;

	Individual impairments	
	30 June 2022	31 December 2021
	₦'000	₦'000
Balance at 1 January	1,594,034	1,378,719
Reversal of impairment	(153,554)	(237,270)
Net remeasurement of loss allowance	405,020	452,585
Balance at 30 June	1,845,500	1,594,034
Amount recognised in profit or loss:		
Reversal of impairment	(153,554)	(237,270)
Net remeasurement of loss allowance	405,020	452,585
Impairment loss on financial asset	251,466	215,315

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

Financial Risk Management (cont'd)

28 Classification of financial instruments

(a) Accounting Classifications and fair values

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

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

As at 30 June 2022

	Carrying amount		Total ₦'000
	Financial assets at amortized cost ₦'000	Other financial liabilities ₦'000	
Financial assets not measured at fair value			
Trade and other receivables (Note 19) ¹	73,523,028	-	73,523,028
Cash and cash equivalents (Note 24)	64,728,287	-	64,728,287
	<u>138,251,315</u>	<u>-</u>	<u>138,251,315</u>
Financial liabilities not measured at fair value			
Borrowings (Note 21)	-	57,542,043	57,542,043
Trade and other payables (Note 22) ²	-	151,494,935	151,494,935
	<u>-</u>	<u>209,036,978</u>	<u>209,036,978</u>

As at 31 December 2021

	Carrying amount		Total ₦'000
	Financial assets at amortized cost ₦'000	Other financial liabilities ₦'000	
Financial assets not measured at fair value			
Trade and other receivables (Note 19) ¹	49,197,688	-	49,197,688
Cash and cash equivalents (Note 24)	62,952,681	-	62,952,681
	<u>112,150,369</u>	<u>-</u>	<u>112,150,369</u>
Financial liabilities not measured at fair value			
Borrowings (Note 21)	-	15,116,802	15,116,802
Trade and other payables (Note 22) ²	-	134,239,546	134,239,546
	<u>-</u>	<u>149,356,348</u>	<u>149,356,348</u>

¹ Trade and other receivables excludes advance to suppliers and PPE.

² Trade and other payables excludes statute based deductions.

29 Assets pledged as security

As at the period ended 30 June 2022 there were no assets pledged as security (2021: Nil).

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NOTES TO THE FINANCIAL STATEMENTS

30 Events after the reporting date

There were no events after the reporting date that could have a material effect on the financial position of the Company at 30 June 2022 and on the result for the period ended on that date that have not been taken into account in these financial statements.

31 Related party transactions

As at the period ended 30 June 2022, the Parent Company TotalEnergies Marketing Services (incorporated in France) owned 61.72% of the issued shares of TotalEnergies Marketing Nigeria Plc. The Parent and Ultimate controlling entity is TotalEnergies S.A (incorporated in France).

31.1 Transactions with related parties

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

	Sale of goods		Purchase of goods		Others	
	30 June 2022 N'000	30 June 2021 N'000	30 June 2022 N'000	30 June 2021 N'000	30 June 2022 N'000	30 June 2021 N'000
Total Outre Mer	-	-	44,720,000	49,734,413	1,080,003	1,763,057
TotalEnergies E&P Nigeria	2,456,016	1,421,367	-	-	1,223,130	-
TotalEnergies Upstream Nigeria Limited	-	-	-	-	1,081,385	501,954
Total Lubricants	44,131	83,695	-	-	-	-
TotalEnergies Supply Marketing Services	-	-	232,724	-	-	-
TotalEnergies marketing middle east	-	-	159,413	-	-	-
TotalEnergies Learning Solutions	-	-	-	-	20,440	-
TotalEnergies Global Procurement	-	-	-	-	69,316	96,921
TotalEnergies Marketing Belgium	-	-	4,132	-	-	-
TotalEnergies Gestion International	-	-	-	-	141,813	444,652
TotalEnergies Global Services	-	-	-	-	50,801	48,787
TotalEnergies Marketing Services	-	-	-	-	747,608	571,557
	<u>2,500,147</u>	<u>1,505,062</u>	<u>45,116,269</u>	<u>49,734,413</u>	<u>4,414,496</u>	<u>3,426,928</u>

31.2 Outstanding balance

The following amounts were outstanding at the reporting date:

	Amounts owed by related parties		Amounts owed to related parties	
	30 June 2022 N'000	31 December 2021 N'000	30 June 2022 N'000	31 December 2021 N'000
Total Outre Mer	-	-	57,727,652	68,804,247
TotalEnergies E&P Nigeria	927,478	1,228,609	-	-
TotalEnergies Global Procurement	-	-	24,774	41,214
TotalEnergies Global Services	-	-	8,278	15,375
TotalEnergies Learning Solutions	-	-	8,278	19,149
TotalEnergies Upstream Nigeria Limited*	-	-	20,881,041	7,687,924
TotalEnergies Congo	44,714	44,714	-	-
TotalEnergies Cameroon	39,117	39,117	-	-
TotalEnergies Niger	2,317	2,256	-	-
TotalEnergies Gabon	2,526	2,526	-	-
TotalEnergies Gestion International	-	-	16,931	40,161
Total Access to Solar	11,955	-	-	-
Total Oil Trading	23,047	-	-	-
Total Marketing middle east	-	-	-	4,208
TotalEnergies Marketing Services	-	-	2,293,539	2,088,825
Total Lubricants	<u>34,282</u>	<u>23,183</u>	-	-
	1,085,436	1,340,405	81,025,305	78,701,103
Total Treasury ¹	<u>27,644,303</u>	<u>204,038</u>	-	-
	<u>28,729,739</u>	<u>1,544,443</u>	<u>81,025,305</u>	<u>78,701,103</u>

¹ Included in the analysis above is the balance of funds held with Total Treasury as at the period ended 30 June 2022; amounting to ₦ 27.64 billion (2021: ₦204.04 million). This has however been classified along with cash and cash equivalents in the statement of financial position. See Note 24.

Technical assistance and management fees

TotalEnergies Marketing Services charges TotalEnergies Marketing Nigeria Plc for General Assistance recorded and Total Outre Mer charges TotalEnergies Marketing Nigeria Plc for Technical Assistance. The expenses are generally charged to profit or loss. During the period, an accrual of ₦2.067 billion (2021: ₦1.851 billion) was charged to profit or loss in this regard.

TOTALENERGIES MARKETING NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

32 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:

	30 June 2022	30 June 2021
	Number	Number
Below ₦1,500,000	3	2
₦1,500,001 - ₦2,500,000	1	1
₦2,500,001 - ₦3,500,000	-	1
₦4,500,001 - ₦5,500,000	-	-
₦5,500,001 - ₦6,500,000	2	10
₦6,500,001 - ₦7,500,000	4	4
₦7,500,001 - ₦8,500,000	7	13
₦8,500,001 - ₦9,500,000	6	22
₦9,500,001 - ₦10,500,000	17	65
₦10,500,001 - ₦11,500,000	24	47
₦11,500,001 - ₦12,500,000	33	44
₦12,500,001 - ₦13,500,000	52	57
₦13,500,001 - ₦14,500,000	32	36
₦14,500,001 - ₦15,500,000	32	27
₦15,500,001 and above	222	107
	435	436

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

	30 June 2022	30 June 2021
	Number	Number
Managerial staff	159	133
Senior staff	266	287
Junior staff	10	16
	435	436

(iii) The related staff cost amounted to ₦5.93 billion (2021: ₦5.14 billion).

Staff costs relating to the above were:

	30 June 2022	30 June 2021
	₦'000	₦'000
Salaries and wages	4,299,312	4,049,163
Termination benefits	35,281	2,500
Pension and social benefit	360,951	303,357
Medical expenses	14,952	174,605
Training expenses	65,027	59,716
Provision for employee benefits	124,500	-
Other Staff Expenses	354,687	52,407
Temporary Staff	671,863	496,063
Total staff cost	5,926,573	5,137,811

Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) TotalEnergies Marketing Nigeria Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's securities. The Policy is periodically reviewed by the Board and updated. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period under review.